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1 **FEDERAL ELECTION COMMISSION**  
2 **999 E Street, N.W.**  
3 **Washington, D.C. 20463**

**CELA**

4 **FIRST GENERAL COUNSEL'S REPORT**

5 Pre-MUR: 554  
6 REFERRAL DATE: March 12, 2013  
7 NOTIFICATION DATE: March 21, 2013  
8 LAST RESPONSE RECEIVED: May 14, 2013  
9 ACTIVATION DATE: June 10, 2013

10  
11 ELECTION CYCLES: 2006, 2008, 2010, 2012  
12 LIMITATIONS PERIOD EXPIRES:  
13 Earliest: August 1, 2010  
14 Latest: July 13, 2017

15 **REFERRAL SOURCE:**

16 **RESPONDENTS:**

17 Jesse Jackson, Jr.  
18 Jesse Jackson, Jr. for Congress and Jesse Jackson, Jr.  
19 in his official capacity as treasurer<sup>1</sup>  
20 Sandra Jackson  
21 Terri Jones  
22 Vickie Pasley  
23 Unknown Person D  
24 Unknown Person E  
25 Unknown Person E's Corporation  
26 Unknown Person F  
Unknown Person F's Corporation

27 **STATUTES AND REGULATIONS:**

28 2 U.S.C. § 432(b)(3)  
29 2 U.S.C. § 432(c)  
30 2 U.S.C. § 434(b)  
31 2 U.S.C. § 439a  
32 2 U.S.C. § 441a(a)(1)(A)  
33 2 U.S. C. § 441b  
34 11 C.F.R. § 102.15  
35 11 C.F.R. § 104.3  
11 C.F.R. § 113.1(g)

<sup>1</sup> Vickie Pasley was the Committee's treasurer until on or about September 5, 2013, when the Commission received her resignation. See Letter from Vickie Pasley to Ellen L. Weintraub, Chair, FEC (Aug. 29, 2013). Consequently, Congressman Jackson has been substituted for Pasley as treasurer to the Committee. See Statement of Policy Regarding Treasurers Subject to Enforcement Proceedings, 70 Fed. Reg. 3 (Jan. 3, 2005) ("Treasurer Policy").

1 **INTERNAL REPORTS:** Disclosure Reports

2 **FEDERAL AGENCIES:**

3 \* \* \* \* \*

4 RAD Referral: 13L-12  
5 REFERRAL DATE: May 10, 2013  
6 NOTIFICATION DATE: May 17, 2013  
7 LAST RESPONSE RECEIVED: N/A  
8 ACTIVATION DATE: June 14, 2013

9  
10 ELECTION CYCLE: 2012  
11 LIMITATIONS PERIOD EXPIRES:  
12 Earliest: July 13, 2017  
13 Latest: October 6, 2017

14 **RESPONDENT:** Jesse Jackson, Jr. for Congress and Jesse Jackson, Jr.  
15 in his official capacity as treasurer<sup>2</sup>

16 **STATUTES AND REGULATIONS:** 2 U.S.C. § 434(b)  
17 11 C.F.R. § 104.3

18 **INTERNAL REPORTS:** Disclosure Reports

19 **FEDERAL AGENCIES:** None

20 \* \* \* \* \*

21 **I. INTRODUCTION**

22 This matter concerns a scheme spanning seven years and involving more than 3,100  
23 transactions that diverted approximately \$750,000 from Jesse Jackson, Jr. for Congress to pay  
24 personal expenses of Congressman Jesse Jackson, Jr. and his wife, Chicago Alderman Sandra  
25 Jackson. Over the years, Congressman Jackson's campaign committee paid for the Jacksons'  
26 meals, groceries, designer clothing, travel, tickets, dry cleaning, home renovations, memorabilia,  
27 and personal credit card bills. To prevent the Commission or the public from discovering or

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<sup>2</sup> See *supra* n.1.

1 questioning the scheme, Congressman Jackson and the treasurers of his campaign committee  
2 filed materially false and misleading disclosure reports.

3 The available record — including the statement of facts supporting Congressman  
4 Jackson's guilty plea in a criminal proceeding related to this scheme — provides substantial  
5 evidence that, in carrying out and covering up this scheme, Congressman Jackson, his campaign  
6 committee, Sandra Jackson, and others violated multiple provisions of the Federal Election  
7 Campaign Act of 1971, as amended (the "Act"). We therefore recommend that the Commission  
8 find reason to believe that the Respondents violated the Act as discussed below. We also  
9 recommend that the Commission authorize an investigation to gather further information about  
10 the scope and scale of the scheme and to identify certain unknown individuals who may have  
11 participated.

## 12 II. FACTUAL SUMMARY

13 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra  
14 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating  
15 back to 2005.<sup>3</sup> The Statement of Offense supporting Congressman Jackson's plea describes a  
16 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as  
17 Co-Conspirator 1), former campaign treasurer Terri Jones (referred to as Person A), and former

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<sup>3</sup> Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$22,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

1 campaign treasurer Vickie Pasley (referred to as Person B), among others, to divert funds from  
2 Congressman Jackson's campaign committee, Jesse Jackson, Jr. for Congress, for his and Sandra  
3 Jackson's personal use.<sup>4</sup> Specifically, between approximately August 2005 and April 2012, the  
4 Jacksons diverted approximately \$750,000 in campaign funds to pay for personal expenses.<sup>5</sup>  
5 They obtained these funds through several means, including making direct expenditures from  
6 campaign accounts, using campaign credit cards, and providing cash and campaign funds to  
7 others so that they, in turn, could engage in transactions benefiting the Jacksons personally.<sup>6</sup>

8 They concealed this scheme by filing materially false and misleading disclosure reports  
9 with the Commission.<sup>7</sup> To do this, the Jacksons frequently directed Jones not to itemize personal  
10 expenditures made on the campaign credit card.<sup>8</sup> Other times, the Jacksons provided Jones with  
11 false justifications for expenditures, causing her, in turn, to include that false information in the  
12 campaign's disclosure reports.<sup>9</sup> Filing the materially false and misleading disclosure reports,  
13 "enabled the conspiracy to continue without detection for a lengthy period of time and without  
14 the questions from regulators or the general public that likely would have ensued had truthful  
15 and accurate reports and forms been filed."<sup>10</sup>

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<sup>4</sup> Although the Statement of Offense refers to them using pseudonyms, the identities of Sandra Jackson, Terri Jones, and Vickie Pasley are discernible from the references to their tenures at different times as treasurers to the Jackson Committee. The identities of Persons C, D, E, F, and Persons D, E, and F's respective corporations, however, are not readily discernible from the referral materials. Should the Commission authorize an investigation, as we recommend, we would request their identities from the U.S. Attorney's Office.

<sup>5</sup> Statement of Offense ¶ 11.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* ¶ 13.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* ¶ 15.

1           **A.     Committee Credit Card Used to Pay Personal Expenses**

2           One method the Jacksons used to divert Jackson Committee funds for personal use was to  
3 use the campaign committee's credit card to purchase a variety of personal goods and services,  
4 including high-end electronics, furniture, memorabilia, designer clothing, travel, tickets, and  
5 dinners.<sup>11</sup> For example, on or about November 14, 2009, Sandra Jackson used the Committee's  
6 credit card to purchase \$5,150 in fur capes and parkas from Edward Lowell Furrier, which  
7 shipped them from Beverly Hills, California, to the Jacksons' home in Washington, D.C.<sup>12</sup> And  
8 on or about November 27, 2008, Congressman Jackson charged \$5,687.75 to the Committee's  
9 credit card to pay Martha's Vineyard Holistic Retreat for a member of Sandra Jackson's family  
10 to attend a five-day retreat.<sup>13</sup>

11           All told, between August 2005 and April 2012, the Jacksons used the Jackson  
12 Committee's credit card to make approximately 3,100 personal purchases totaling approximately  
13 \$582,772.58.<sup>14</sup> Many of these transactions fall into the following general categories:<sup>15</sup>

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<sup>11</sup>       *See id.* ¶¶ 21-22, 24.

<sup>12</sup>       *Id.* ¶¶ 21-23.

<sup>13</sup>       *See id.* ¶¶ 21-22.

<sup>14</sup>       *See id.* ¶ 25.

<sup>15</sup>       *Id.* ¶ 24.

Personal Expense Category	Amount
Restaurants, nightclubs, lounges	\$60,857.04
Airfare	\$31,700.79
Tobacco shops	\$17,163.36
Sports clubs and lounges	\$16,058.91
Dry cleaning	\$14,513.42
Grocery stores	\$8,046.44
Drug stores	\$6,095.15
Alcohol	\$5,814.43

1 The Jacksons were able to use the Jackson Committee credit card to make these purchases  
2 because Congressman and Sandra Jackson each were identified as card members on the  
3 account.<sup>16</sup>

4 **B. Direct Expenditures of Jackson Committee Funds for Personal Expenses**

5 The Jacksons also made expenditures directly from the Jackson Committee's bank  
6 account to purchase personal items and pay down personal credit card balances. Between July  
7 2007 and July 2011, Congressman Jackson used this method to divert approximately \$57,793 in  
8 Jackson Committee funds to his personal use.<sup>17</sup>

<sup>16</sup> *Id.* ¶ 20.

<sup>17</sup> *See id.* ¶¶ 16-19.

Expenditure Date	Amount	Personal Use
July 10, 2007	\$43,350	Purchase gold-plated Rolex watch
September 13, 2007	\$2,000	Pay down personal credit card balance
September 14, 2007	\$2,457.16	Pay down personal credit card balance
October 12, 2007	\$4,355.49	Pay down personal credit card balance
October 9, 2009	\$1,640.25	Pay down personal credit card balance
December 24, 2009	\$1,271.16	Pay down personal credit card balance
July 7, 2011	\$2,718.77	Pay down personal credit card balance

1 Congressman Jackson was able to make these direct expenditures because he personally opened  
2 the bank account and was the only person with signatory authority on the account.<sup>18</sup>

3 **C. Funneled Committee Funds Through Others to Pay Personal Expenses**

4 Another means of diverting Jackson Committee funds involved funneling funds through  
5 conduits who then carried out transactions benefiting the Jacksons. For example, in one such  
6 transaction, on or about March 17, 2006, Congressman Jackson directed the Committee to issue  
7 a \$36,000 check to Sandra Jackson's consulting business for billboard expenses.<sup>19</sup> A week later,  
8 Sandra Jackson deposited the check into her business's account.<sup>20</sup> And a week after that, she  
9 transferred the \$36,000 proceeds to an account she and Congressman Jackson controlled even  
10 though neither she nor Congressman Jackson had incurred expenses on behalf of the campaign

<sup>18</sup> See *id.* ¶ 16.

<sup>19</sup> See *id.* ¶ 26. In 2001, Congressman Jackson requested an Advisory Opinion concerning the application of the Act and Commission regulations to his plan to hire Sandra Jackson as consultant to the Committee. See AO 2001-10 (Jesse Jackson, Jr.) (July 17, 2011). The Commission explained that salary payments to family members are permissible "where they are payments for 'bona fide, campaign-related services'" and that such payments may not exceed fair market value for the service. *Id.* at 3 (quoting 11 C.F.R. § 113.1(g)(1)(i)(H)). Because the transactions here do not represent "bona fide, campaign-related services," that advisory opinion does not shield Jackson from "sanction provided by [the] Act." 2 U.S.C. § 437f(c)(2).

<sup>20</sup> *Id.* ¶ 27.

1 that would entitled them to this \$36,000 payment.<sup>21</sup> Nevertheless, they then used nearly all of  
2 these funds to pay down personal debts.<sup>22</sup>

3 In another series of transactions, Terri Jones was the intermediary, using her personal  
4 checking account as a pass-through to conduct transactions for the Jacksons' personal benefit  
5 using Committee funds. From in or about October 2008 through in or about March 2012, the  
6 Jackson Committee issued approximately \$76,150.39 in checks to Jones, even though she had  
7 performed work for the Committee entitling her to only about \$11,409.<sup>23</sup> She used nearly all of  
8 the remainder, under Congressman Jackson's direction, for transactions to benefit the Jacksons  
9 personally.<sup>24</sup>

10 In at least four instances, she issued checks from the Committee account to her personal  
11 account to provide sufficient funds for her to write personal checks to Congressman Jackson.<sup>25</sup>

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<sup>21</sup> *Id.* ¶ 28.

<sup>22</sup> *See id.* ¶¶ 28-29.

<sup>23</sup> *Id.* ¶ 30.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.* ¶ 32.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Congressman Jackson	Amount
October 14, 2008	\$9,000 <sup>26</sup>	October 15, 2008	\$6,500 <sup>27</sup>
March 4, 2009	\$4,000	March 4, 2009	\$3,500
August 1, 2011	\$6,300	August 1, 2011	\$4,000
March 22, 2012	\$4,730.39 <sup>28</sup>	March 5, 2012	\$1,700

1 In six other instances, Jones received about \$16,400 in cash from Congressman Jackson<sup>29</sup>  
2 and about \$6,730 in checks from the Committee that she deposited into her personal checking  
3 account to provide sufficient funds for her to write personal checks totaling about \$21,211 to pay  
4 down the Jacksons' personal credit card debt.<sup>30</sup>

<sup>26</sup> As the table shows, from this amount, Jones made a payment of \$6,500 to Congressman Jackson on October 15, 2008. The remainder was used to pay a contractor for work performed on the Jacksons' Washington, D.C., home. See *infra* p.10.

<sup>27</sup> Jones made this payment to Congressman Jackson in cash. The other payments were made by check. See Statement of Offense at 11, n.3.

<sup>28</sup> The remainder was used for another transaction to personally benefit the Jacksons. See *infra* n.31.

<sup>29</sup> Congressman Jackson has claimed that this cash was given to him by family members. Statement of Offense ¶ 35.

<sup>30</sup> *Id.* ¶ 35.

Jones Deposit Date	Amount	Form	Jones Personal Check Issued to Pay Jacksons' Creditors	Amount
January 18, 2011	\$4,500	Cash	January 21, 2011	\$4,500
March 9, 2011	\$4,800	Cash	March 16, 2011	\$4,800
April 13, 2011	\$3,500	Cash	April 18, 2011	\$3,500
July 26, 2011	\$3,600	Cash	July 29, 2011	\$3,600
February 16, 2012	\$2,000	Check	February 18, 2012	\$2,000
March 22, 2012	\$4,730.39	Check	March 22, 2012	\$2,810.91 <sup>31</sup>

1 In numerous other instances between October 2008 and September 2011 Jones received  
2 payments from the Committee totaling approximately \$30,750.<sup>32</sup> She deposited these payments  
3 into her personal account and then used the funds to issue approximately \$26,347 in personal  
4 checks to multiple contractors who performed work on the Jacksons' Washington, D.C., home.<sup>33</sup>  
5 In each instance, Congressman Jackson instructed Jones to issue a Committee check to herself  
6 and then to use the funds to pay the contractors.<sup>34</sup>

7 Similarly, in 2011, at Congressman Jackson's direction, Jones received Committee funds  
8 that she then used to pay the cost of two mounted elk heads from a taxidermist.<sup>35</sup>

<sup>31</sup> See *supra* n.28.

<sup>32</sup> Statement of Offense ¶ 36.

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* ¶ 38.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Taxidermist	Amount
March 14, 2011	\$3,005 <sup>36</sup>	March 14, 2011	\$3,000 <sup>37</sup>
March 29, 2011	\$3,500	April 1, 2011	\$3,000
April 21, 2011	\$1,500	April 21, 2011	\$1,053

1 Then, in August 2012, Sandra Jackson instructed Jones to sell the mounted elk heads.<sup>38</sup> Jones  
2 arranged the transaction and, with Sandra Jackson's approval, sold the elk heads for \$5,300,  
3 which was less than their original purchase price.<sup>39</sup> At Sandra Jackson's direction, the proceeds  
4 of this sale then were wired to the Jacksons' personal account.<sup>40</sup>

5 In another series of transactions, Person C, one of Congressman Jackson's staff members,  
6 received \$3,700 in cash from Congressman Jackson on or about September 8, 2009.<sup>41</sup>  
7 Immediately after depositing this cash into Person C's checking account and at Congressman  
8 Jackson's direction, Person C issued a check in the amount of \$2,000 to pay down the Jacksons'  
9 personal credit card debt.<sup>42</sup> About one month later, on or about October 13, 2009, Congressman  
10 Jackson gave Person C \$4,500 in cash.<sup>43</sup> After depositing this cash and at Congressman

<sup>36</sup> This amount was provided by Congressman Jackson to Jones in cash. *Id.* Congressman Jackson has claimed that this cash was given to him by family members. *Id.*

<sup>37</sup> This payment was made using a cashier's check instead of a personal check. Jones used the remaining \$5 to pay the cashier's-check fee. *Id.*

<sup>38</sup> *Id.* ¶ 46.

<sup>39</sup> *Id.* ¶ 45.

<sup>40</sup> *Id.*

<sup>41</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 47.

<sup>42</sup> *Id.* ¶¶ 47-48.

<sup>43</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 49.

1 Jackson's direction, Person C used Person C's debit card to make two payments totaling \$5,500  
2 to purchase a guitar used by Michael Jackson and Eddie Van Halen, which then was shipped to  
3 Congressman Jackson's Congressional office.<sup>44</sup> Person C presumably kept the remaining \$700.  
4 And in April 2010, Congressman Jackson gave Person C \$6,400 in cash, which Person C used to  
5 obtain two \$3,200 cashier's checks made out to a private school in Chicago and listing the  
6 purchaser as Sandra Jackson.<sup>45</sup>

7 **D. Corporate Contributions Benefitted the Jacksons Personally**

8 The Jacksons also benefitted personally from payments made by other individuals. For  
9 example, on or about April 15, 2011, Person F, the owner of an Alabama company, issued a  
10 \$25,000 check from a corporate account controlled by Person F to pay down the Jacksons'  
11 personal credit card debt.<sup>46</sup> Similarly, on or about May 5, 2009, Person E, the owner of an  
12 Illinois consulting firm, issued a \$3,500 check from a corporate account controlled by Person E  
13 to pay down the Jacksons' personal credit card debt.<sup>47</sup>

14 **E. Other Contributions Benefitted the Jacksons Personally**

15 Person D received a total of \$15,000 in cash from Congressman Jackson between on or  
16 about August 21, 2009, and September 3, 2009.<sup>48</sup> At Congressman Jackson's direction, Person  
17 D then issued three checks between on or before August 26, 2009, and October 1, 2009, totaling

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44. *Id.* ¶¶ 51-52.

45. *Id.* ¶ 53.

46. Statement of Offense ¶ 57.

47. *Id.* ¶ 55.

48. Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 54.

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1 \$16,500, to pay down the Jacksons' personal credit card debt.<sup>49</sup> Person D thus made a net  
2 payment of \$1,500 for Congressman Jackson's personal credit card debt.<sup>50</sup>

3 **F. False Disclosures to Conceal the Scheme**

4 To enable and prolong the scheme, the Jacksons directed that materially false and  
5 misleading disclosure reports be filed with the Commission between in or about August 2005  
6 and in or about July 2012. To conceal the Jacksons' personal expenditures using the  
7 Committee's credit card, the Jacksons directed the Committee treasurer not to itemize personal  
8 expenditures made on the campaign credit card.<sup>51</sup> Other times, the Jacksons provided false  
9 justifications for expenditures, causing that false information to be included in the campaign's  
10 disclosure reports.<sup>52</sup> The Committee's treasurer then submitted disclosure reports containing  
11 materially false and misleading statements.<sup>53</sup> For example, on or about January 23, 2009, Pasley  
12 filed a disclosure report stating that the Committee spent \$387.04 on November 22, 2008, at  
13 Costco for "Food for Campaign Staff Holiday dinner."<sup>54</sup> In truth, however, Sandra Jackson used

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<sup>49</sup> *Id.* ¶ 54.

<sup>50</sup> This net payment was made at Congressman Jackson's direction, and there is no information to suggest that it would have been made irrespective of Congressman Jackson's candidacy. Because paying a candidate's personal expenses constitutes a contribution unless the payment would have been made irrespective of the candidacy, 11 C.F.R. § 113.1(g)(6), Person D's \$1,500 payment is subject to the individual contribution limits. *See* Advisory Op. 2000-08 (Harvey) (gifts to candidates for personal use are subject to the Act's individual contribution limits). Given the apparently close ties between Congressman Jackson and Person D, it is reasonable to infer that Person D may have made other reported contributions to the Jackson Committee. But if those contributions totaled more than \$900, they would have exceeded the limits of the Act at the time [\$2,400 limit - \$1,500 contribution]. *See* 2 U.S.C. § 441a(a)(1)(A). Therefore, we recommend that the Commission take no action at this time concerning Person D's net \$1,500 contribution.

<sup>51</sup> *Id.* ¶ 59.

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

1 this Committee funds to purchase bathrobes and other items for the Jacksons' personal use.<sup>55</sup>  
2 Filing the materially false and misleading disclosure reports, "enabled the conspiracy to continue  
3 without detection for a lengthy period of time and without the questions from regulators or the  
4 general public that likely would have ensued had truthful and accurate reports and forms been  
5 filed."<sup>56</sup>

6 **G. Referral and Responses**

7  
8 On March 21,  
9 2013, the Office of General Counsel provided notice to the Jacksons, the Jackson Committee,  
10 Vickie Pasley, and Terri Jones. Through counsel, Congressman Jackson declined to submit a  
11 response.<sup>57</sup> Sandra Jackson did not respond. Jones's counsel requests pre-probable cause  
12 conciliation, noting that Congressman Jackson directed Jones to engage in the misconduct at  
13 issue.<sup>58</sup> And Pasley submitted a response denying any wrongdoing, arguing that she did not  
14 prepare the Jackson Committee's disclosure reports and had essentially no control or  
15 involvement in the Jackson Committee's finances.<sup>59</sup>

16 **H. RAD Referral 13L-12**

17 Separately, the Reports Analysis Division ("RAD") referred the Jackson Committee to  
18 the Office of General Counsel for disclosing a cash-on-hand discrepancy totaling \$59,379.19 in

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<sup>55</sup> *Id.*

<sup>56</sup> *Id.* ¶ 15.

<sup>57</sup> *See* J. Jackson Resp. (Apr. 11, 2013).

<sup>58</sup> *See* Jones Resp. (May 14, 2013).

<sup>59</sup> *See* Pasley Resp. at 2 (May 11, 2013).

1 the 2012 October Quarterly Report it filed with the Commission.<sup>60</sup> In that report, the Committee  
2 disclosed a beginning cash-on-hand balance of \$187,246.32. But in the immediately preceding  
3 report, the 2012 July Quarterly, the Committee disclosed a closing cash-on-hand balance of  
4 \$246,625.51. Because these cash-on-hand figures did not match, on November 29, 2012, RAD  
5 issued a Request for Additional Information to the Jackson Committee, but the Committee did  
6 not provide a substantive response.<sup>61</sup> Nor did it respond after receiving notice of the referral. It  
7 has not otherwise explained why the October Quarterly beginning cash-on-hand balance is  
8 \$59,379.19 less than the closing balance from the preceding report.

9 **III. LEGAL ANALYSIS**

10 Congressman Jackson has admitted that he and others participated in a plan to divert  
11 Jackson Committee funds for the Jacksons' personal use and benefit. Using a variety of  
12 methods, the Jacksons ultimately diverted approximately \$750,000 in Committee funds to pay  
13 for a variety of personal goods and services. Congressman Jackson, the Jackson Committee,  
14 Sandra Jackson, Jones, and Pasley concealed this scheme by filing materially false and  
15 misleading disclosures. In light of this and the other available information, we therefore  
16 recommend that the Commission find reason to believe that Congressman Jackson, Sandra  
17 Jackson, the Jackson Committee, Terri Jones, Vickie Pasley, and others violated multiple  
18 provisions of the Act and Commission regulations — and Congressman Jackson, Sandra

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<sup>60</sup> See Mem. from Patricia Orrick, Chief Compliance Officer, FEC, to Anthony Herman, Gen. Counsel, FEC (May 10, 2013).

<sup>61</sup> See *id.*, Attach. 1. RAD made several attempts to contact the Committee. It spoke with then-treasurer Pasley on January 15, 2013, who stated that she was unaware of the Request for Additional Information. RAD provided her with a copy, but she never provided a response.

1 Jackson, the Jackson Committee, and Terri Jones carried out their violations knowingly and  
2 willfully.<sup>62</sup>

3       **A.       There Is Reason to Believe Congressman Jackson, Sandra Jackson, the**  
4               **Jackson Committee, and Jones Diverted Committee Funds for the Jacksons'**  
5               **Personal Use**

6               Candidates and their committees have wide discretion in making expenditures to  
7 influence the candidate's election, but the Act and Commission regulations prohibit any person  
8 from converting contributions or donations to personal use.<sup>63</sup> "Personal use" refers to "any use  
9 of funds in a campaign account of a present or former candidate to fulfill a commitment,  
10 obligation or expense of any person that would exist irrespective of the candidate's campaign or  
11 duties as a Federal officeholder."<sup>64</sup> Whether certain uses of committee funds — such as legal,  
12 meal, travel, or certain vehicles expenses — are personal use depends on the case-specific facts  
13 and circumstances.<sup>65</sup> In such cases, "If the candidate can reasonably show that the expenses at  
14 issue resulted from campaign or officeholder activities, the Commission will not consider the use  
15 to be personal use."<sup>66</sup> Other uses of committee funds, however, are personal use *per se* — for

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<sup>62</sup> See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) ("RTB Policy") ("The Commission will find 'reason to believe' in cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.").

<sup>63</sup> 2 U.S.C. § 439a(b); 11 C.F.R. § 113.1(g).

<sup>64</sup> 11 C.F.R. § 113.1(g).

<sup>65</sup> *Id.* § 113.1(g)(1)(ii).

<sup>66</sup> See Final Rule and Explanation and Justification, Personal Use of Campaign Funds, 60 Fed. Reg. 7,862, 7,867 (Feb. 9, 1995) ("Personal Use E&J").

1 example, tuition payments, household food items, health club dues, clothing purchases, and  
2 home mortgage, rent, or utilities payments.<sup>67</sup>

3 Here, Congressman Jackson's admissions leave no doubt that, through a variety of  
4 means, the Jacksons used Committee funds for all manner of personal uses — including many  
5 *per se* personal uses — over an extended period of time. Between August 2005 and April 2012,  
6 the Jacksons used the Jackson Committee credit card to make approximately 3,100 personal  
7 purchases — including meals and entertainment, travel, and household items — totaling  
8 approximately \$582,773. Between July 2007 and July 2011, Congressman Jackson made direct  
9 expenditures of \$57,793 in Committee funds to purchase a Rolex watch and pay down personal  
10 credit card debt. And between 2006 and 2012, the Jacksons, with Jones participating as an  
11 intermediary, diverted Committee funds and otherwise disguised transactions involving  
12 approximately \$100,741 used to pay down personal credit card debt, pay for home renovations,  
13 and purchase elk heads. All of these uses involved funds diverted from the Jackson Committee  
14 that benefitted the Jacksons personally.<sup>68</sup> We therefore recommend that the Commission find  
15 reason to believe that Congressman Jackson, Sandra Jackson, the Jackson Committee, and Jones  
16 violated the Act and Commission regulations by diverting Jackson Committee funds for the  
17 Jacksons' personal use and benefit.<sup>69</sup>

<sup>67</sup> 2 U.S.C. § 439a(b)(2); 11 C.F.R. § 113.1(g)(1)(i).

<sup>68</sup> See, e.g., MUR 5895 (Meeks for Congress) (2008) (finding candidate and committee violated Act by, *inter alia*, using committee funds to pay down personal credit card debt, pay for personal trainer, and pay vehicle expenses); MUR 6498 (Lynch) (open matter) (finding reason to believe candidate and committee violated Act by, *inter alia*, making payments for gym membership, home utilities, driver's license, medical expenses, auto parts, retail shopping, cell phone bills).

<sup>69</sup> 2 U.S.C. § 439a; 11 C.F.R. § 113.1(g).

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1           **B.     There Is Reason to Believe that Terri Jones Commingled Jackson Committee**  
2           **Funds with Personal Funds**

3           The Act also prohibits the commingling of committee funds with “the personal funds of  
4 any individual,” including committee personnel.<sup>70</sup> Here, the available information shows that  
5 Jones used her personal bank account as a pass-through, depositing at least 19 Committee checks  
6 totaling approximately \$59,280. By making those deposits, Jones mixed Committee funds with  
7 personal funds, which disguised the fact that the funds were being diverted from the Committee  
8 for the Jacksons’ personal use.<sup>71</sup> We therefore recommend that the Commission find reason to  
9 believe that Jones violated the Act by commingling Committee funds with personal funds.<sup>72</sup>

10           **C.     There Is Reason to Believe That Person E, Person F, and Their Corporations**  
11           **Made Prohibited Corporate Contributions Accepted by Congressman**  
12           **Jackson and the Jackson Committee**

13           The Act prohibits corporations from making contributions to candidates or their  
14 committees in connection with federal elections.<sup>73</sup> It also prohibits corporate officers from  
15 consenting to, and candidates from knowingly accepting, corporate contributions.<sup>74</sup> Thus,  
16 corporations may not make direct or indirect payments or gifts or provide “anything of value,”  
17 including “in-kind contributions” to federal candidates.<sup>75</sup> For example, a corporation may not

<sup>70</sup> 2 U.S.C. § 432(b)(3); 11 C.F.R. § 102.15.

<sup>71</sup> Cf. MUR 6526 (Carper) (2013) (committee bookkeeper violated commingling provision by depositing committee funds into her personal account); MUR 6179 (Ward) (2011) (treasurer violated commingling provision by depositing committee funds into personal accounts, and *vice versa*); MUR 5971 (Adams) (2009) (treasurer violated commingling provision by depositing committee checks into her personal bank account); MUR 5610 (Haywood) (2007) (assistant treasurer violated commingling provision by depositing committee checks into his personal account).

<sup>72</sup> 2 U.S.C. § 432(b)(3); 11 C.F.R. § 102.15.

<sup>73</sup> 2 U.S.C. § 441b(a).

<sup>74</sup> *Id.*

<sup>75</sup> 2 U.S.C. § 441b(b)(2); 11 C.F.R. §§ 100.52(d)(1), 114.1(a)(1).

1 pay for a candidate's personal expenses because doing so would be considered a contribution  
2 unless the payment would have been made irrespective of the candidacy.<sup>76</sup>

3 Here, Person E issued a \$3,500 check drawn on Person E's Corporation's account to pay  
4 down the Jacksons' personal credit card debt. On another occasion, Person F issued a \$25,000  
5 check drawn on Person F's Corporation's account for the same purpose. These payments were  
6 made at Congressman Jackson's direction and there is no information to suggest that either of  
7 these payments would have been made irrespective of Congressman Jackson's candidacy.<sup>77</sup> Nor  
8 is there information suggesting that these payments were *bona fide* employment compensation.<sup>78</sup>  
9 We therefore recommend that the Commission find reason to believe that Person E's  
10 Corporation and Person F's Corporation each violated the Act by making prohibited corporate  
11 contributions.<sup>79</sup> Because Person E and Person F were the corporate officers who issued the  
12 checks, we also recommend that the Commission find reason to believe that each of them  
13 violated the Act by consenting to the making of prohibited corporate contributions.<sup>80</sup> We further  
14 recommend that Commission find reason to believe that Congressman Jackson and the Jackson  
15 Committee violated the Act by knowingly accepting the prohibited corporate contributions.<sup>81</sup>

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<sup>76</sup> 11 C.F.R. § 113.1(g)(6).

<sup>77</sup> *Cf.* AO 2000-08 (Harvey) (gifts to candidates for personal use are contributions subject to the Act's limits and prohibitions).

<sup>78</sup> *See* 11 C.F.R. § 113.1(g)(6)(iii).

<sup>79</sup> 2 U.S.C. § 441b(a).

<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

1           **D.     There Is Reason to Believe That the Jackson Committee Failed to Disclose**  
2           **Contributions and Expenditures**

3           Candidates' authorized committees are required to disclose all the contributions they  
4 receive, including in-kind contributions, and disbursements they make.<sup>82</sup> The Act also requires  
5 committees to disclose itemized breakdowns of receipts and disbursements, including the name  
6 and address of each person who has made any contributions or received any disbursements in an  
7 aggregate amount or value greater than \$200 within the calendar year, together with the date and  
8 amount of any such contribution or disbursement.<sup>83</sup> When a committee receives an in-kind  
9 contribution, it is treated as an expenditure by the committee benefiting from it, which requires  
10 the committee to disclose it as a disbursement as well as a contribution.<sup>84</sup>

11           Here, Congressman Jackson has admitted that the Committee filed materially false and  
12 misleading disclosure reports with the Commission.<sup>85</sup> Indeed, he has admitted that filing  
13 materially false and misleading reports enabled his personal-use scheme "to continue without  
14 detection for a lengthy period of time and without the questions from regulators or the general  
15 public that likely would have ensued had truthful and accurate reports and forms been filed."<sup>86</sup>

16           In addition, RAD's referral of the Committee's cash-on-hand discrepancy discloses  
17 further apparent violations of the Committee's reporting obligations. The Committee's  
18 disclosure of a beginning cash-on-hand balance that was \$59,379.19 lower than the closing cash-

<sup>82</sup> 2 U.S.C. § 434(b); 11 C.F.R. §§ 104.3, 104.13(a)(1).

<sup>83</sup> See 2 U.S.C. § 434(b)(2)-(6); 11 C.F.R. § 104.3(a)(3)-(4), (b)(2), (b)(4).

<sup>84</sup> 11 C.F.R. § 104.13(a)(2).

<sup>85</sup> Statement of Offense ¶ 59.

<sup>86</sup> *Id.* ¶ 15.

1 on-hand balance listed in its immediately preceding report indicates that the Committee did not  
2 accurately disclose its receipts and/or its disbursements. We therefore recommend that the  
3 Commission find reason to believe that the Committee violated the Act and Commission  
4 regulations by failing to accurately report all contributions, receipts and disbursements.<sup>87</sup>  
5 Because the Committee had been filing materially false and misleading disclosures to conceal  
6 the personal use scheme around the time the cash-on-hand discrepancy arose, we also  
7 recommend that the Commission merge the RAD referral with the Pre-MUR.

8 **E. There is Reason to Believe That Jones and Pasley Failed to Keep Records**  
9 **and Ensure the Accuracy of the Jackson Committee's Disclosures**

10 The facts and circumstances in this case also support a reason-to-believe finding  
11 concerning the Jackson Committee's treasurers personally. The treasurer function is not merely  
12 ministerial. The Act and Commission regulations require treasurers to be responsible for the  
13 accuracy of the information contained in committee disclosures, as well as the timely and  
14 complete filing of those reports.<sup>88</sup> This gives rise to record-keeping obligations. Among them, a  
15 treasurer must keep an account of the name and address of every person to whom a disbursement  
16 is made, together with the date, amount and purpose of the disbursement.<sup>89</sup> And for each  
17 disbursement in excess of \$200 by or on behalf of the Committee, the treasurer must obtain and  
18 keep a receipt, invoice, or cancelled check.<sup>90</sup> "Due to their 'pivotal role,' treasurers may be held  
19 personally liable for failing to fulfill their responsibilities under the Act and the Commission's

<sup>87</sup> 2 U.S.C. § 434(b); 11 C.F.R. § 104.3.

<sup>88</sup> 11 C.F.R. § 104.14(d).

<sup>89</sup> 2 U.S.C. § 432(c).

<sup>90</sup> *Id.*; 11 C.F.R. § 102.9(b)(2).

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1 regulations.”<sup>91</sup> Thus, the Commission has determined as a matter of policy that it will proceed  
2 against treasurers in their personal capacity:

3 [W]here information indicates that the treasurer knowingly and willfully violated  
4 an obligation that the Act or regulations specifically impose on treasurers or  
5 where the treasurer recklessly failed to fulfill the duties imposed by law, or where  
6 the treasurer has intentionally deprived himself or herself of the operative facts  
7 giving rise to the violation.<sup>92</sup>

8 Here, the false and misleading disclosures were key to concealing the personal-use  
9 scheme, and they could not have been made without Jones’s active participation. Indeed, Jones  
10 admits that she “knew what he was doing was wrong,”<sup>93</sup> but she nevertheless prepared and filed  
11 materially false and misleading Committee disclosure reports to conceal the misconduct.

12 Likewise, they could not have continued without Pasley’s willingness to turn a blind eye  
13 when she became treasurer in 2008. In her Response, Pasley disclaims essentially all  
14 involvement in carrying out the duties of a committee treasurer. She claims that she did not  
15 prepare reports or keep records.<sup>94</sup> Instead, she asserts that she merely “perused” final reports “as  
16 needed” and asked others for explanations “if I had a question.”<sup>95</sup> Pasley then asserts, “There  
17 was never an indication made to me . . . that said expenditures were not appropriate under the  
18 circumstances.”<sup>96</sup>

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<sup>91</sup> Treasurer Policy, 70 Fed. Reg. at 5 (quoting *FEC v. Toledano*, 317 F.3d 939, 947 (9th Cir. 2003)).

<sup>92</sup> *Id.* at 3-4.

<sup>93</sup> Jones Resp. at 1.

<sup>94</sup> Pasley Resp. at 2-3 (“Because I have never had a role in the preparation of the reports, [records evidencing expenditures] were *never* in my possession.” (emphasis in original)).

<sup>95</sup> *Id.*

<sup>96</sup> *Id.* at 2.

1           Pasley's asserted lack of any meaningful involvement in the Committee's disclosure  
2 reporting — other than to sign the reports — suggests that she may have either recklessly failed  
3 to fulfill the duties of a treasurer under the Act and Commission regulations or that she willfully  
4 blinded herself to the falsity of the disclosures she signed as treasurer.<sup>97</sup> Given the scope and  
5 scale of the personal-use scheme, the various means employed to carry it out, the necessity of the  
6 treasurer's role in concealing the scheme, and Pasley's professional legal training, we  
7 recommend that the Commission find reason to believe that both Pasley and Jones in their  
8 personal capacities violated the Act and Commission regulations by failing to keep records and  
9 ensure the accuracy of the information contained in the Committee's disclosures.<sup>98</sup>

10           **F.       Congressman Jackson's, Sandra Jackson's, the Jackson Committee's, and**  
11           **Jones's Misconduct Was Knowing and Willful**

12           A violation of the Act is knowing and willful if the "acts were committed with full  
13 knowledge of all the relevant facts and a recognition that the action is prohibited by law."<sup>99</sup>  
14 Knowledge and willfulness may be shown by direct or circumstantial evidence that a respondent  
15 "acted voluntarily and was aware that his conduct was unlawful."<sup>100</sup> For example, a  
16 respondent's voluntary participation in a scheme to disguise or conceal the recipients and

<sup>97</sup> See, e.g., MUR 5646 (Buchalski) (2008) (finding reason to believe treasurer recklessly failed to perform his duties in case where treasurer "in title only" never handled committee funds and signed blank or incomplete reports prepared by others). Thus, Pasley's claim that her lack of involvement was precisely the arrangement agreed to when she became treasurer, *see* Pasley Resp. at 1-2, does not relieve her from her responsibility under the Act and Commission regulations to familiarize herself with the relevant records, conduct appropriate inquiries, and certify the accuracy of the Committee's disclosure reports.

<sup>98</sup> 2 U.S.C. §§ 432(c), 434(b). *Cf.* MUR 5453 (Ariola) (2005) (finding reason to believe treasurer recklessly failed to perform his duties where treasurer was certified public accountant, had requisite financial information available, but failed to accurately reconcile committee's financial activity).

<sup>99</sup> 122 Cong. Rec. 12,197, 12,199 (May 3, 1976).

<sup>100</sup> *United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citations omitted).

1 purposes of disbursements, as well as the sources of contributions, indicates that the misconduct  
2 was knowing and willful.<sup>101</sup> As the Fifth Circuit noted in *Hopkins*, "It has long been recognized  
3 that 'efforts at concealment [may] be reasonably explainable only in terms of motivation to  
4 evade' lawful obligations."<sup>102</sup>

5 Here, the Jacksons used a variety of means and involved others to conceal the scheme to  
6 divert Committee funds to their personal use and benefit. For example, they used Jones as a  
7 pass-through to disguise the true recipients and purposes of Committee disbursements. They  
8 also directed Jones and Pasley to prepare and file materially false and misleading disclosure  
9 reports to "enable[] the conspiracy to continue without detection for a lengthy period of time."<sup>103</sup>  
10 This demonstrates that the Jacksons well knew their conduct was unauthorized and illegal.  
11 Likewise, as noted above, Jones admittedly knew that Congressman Jackson's conduct was  
12 wrong but nevertheless prepared and filed materially false and misleading Committee disclosure  
13 reports to conceal the misconduct.<sup>104</sup> We therefore recommend that the Commission find reason  
14 to believe that the Jacksons', Jones's, and the Committee's violations of the Act and Commission  
15 regulations were knowing and willful.<sup>105</sup>

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<sup>101</sup> Cf. *United States v. Hopkins*, 916 F.2d 207, 214-15 (5th Cir. 1990). *Hopkins* involved a conduit contributions scheme, and the issue before the Fifth Circuit concerned the sufficiency of the evidence supporting the defendants' convictions for conspiracy and false statements under 18 U.S.C. §§ 371 and 1001.

<sup>102</sup> *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

<sup>103</sup> Statement of Offense ¶ 15.

<sup>104</sup> See Jones Resp. at 1.

<sup>105</sup> At this time, we make no recommendation concerning whether Pasley's, Person E's, Person F's, or Person E and Person F's respective corporations' conduct was knowing and willful. If such information should come to our attention during our proposed investigation, we intend to apprise the Commission and make any appropriate recommendations in the normal course.

1           **G. Conclusion**

2           For the reasons discussed above, the available information — and in particular the factual  
3 basis supporting Congressman Jackson's guilty plea — credibly sets forth facts supporting a  
4 reason to believe that the Respondents participated in significant violations of the Act and  
5 Commission regulations.

6           **IV. INVESTIGATION**

7           An investigation is necessary to address certain factual issues concerning the scope and  
8 scale of the alleged misconduct in this matter. First, the available information cites various  
9 examples of transactions over the years to show that the Jacksons engaged in a long-term and  
10 large-scale personal-use scheme.<sup>106</sup> Indeed, the available information is that the scheme totaled  
11 approximately \$750,000 over eight years but cites specific transactions totaling only about  
12 \$259,000, about one third of the overall scheme. To determine the relevant amount in violation  
13 as well as the scope of the related reporting violations, we need to identify all the additional  
14 potentially relevant transactions. Second, as noted above, we need to identify several individuals  
15 and entities that are identified in the Statement of Offense only by pseudonym, but whose  
16 conduct gives rise to possible violations of the Act and Commission regulations.<sup>107</sup> Thus, we  
17 recommend an investigation aimed at identifying the transactions relevant to the personal-use  
18 scheme and reporting violations as well as identifying the unnamed individuals and entities and

<sup>106</sup> See, e.g., Statement of Offense ¶ 21 (citing "examples of such charges"); *id.* ¶ 24 (stating that "examples provided in the table are but a fraction"); *id.* ¶ 59 (citing "examples of some of these false and misleading disclosures").

<sup>107</sup> See *supra* n.4.

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1 the nature of their involvement in making prohibited or excessive contributions, including  
2 whether there was knowing and willful misconduct.

3  
4  
5  
6 We therefore recommend that the  
7 Commission authorize the use of compulsory process, as necessary.

8 **V. RECOMMENDATIONS**

- 9 1. Open a Matter Under Review in Pre-MUR 554;
- 10 2. Open a Matter Under Review in RAD Referral 13L-12;
- 11 3. Merge the Matter Under Review opened in Pre-MUR 554 with the Matter Under  
12 Review opened in RAD Referral 13L-12;
- 13 4. Find reason to believe that Jesse Jackson, Jr. knowingly and willfully violated  
14 2 U.S.C. §§ 439a and 441b, as well as 11 C.F.R. § 113.1(g);
- 15 5. Find reason to believe that Jesse Jackson, Jr. for Congress and Jesse Jackson, Jr.  
16 in his official capacity as treasurer knowingly and willfully violated 2 U.S.C.  
17 §§ 434(b), 439a, and 441b, as well as 11 C.F.R. §§ 104.3 and 113.1(g);
- 18 6. Find reason to believe that Sandra Jackson knowingly and willfully violated  
19 2 U.S.C. § 439a and 11 C.F.R. § 113.1(g);
- 20 7. Find reason to believe that Terri Jones knowingly and willfully violated 2 U.S.C.  
21 §§ 432(b)(3), 432(c), 434(b), and 439a, as well as 11 C.F.R. §§ 102.15 and  
22 113.1(g);
- 23 8. Find reason to believe that Vickie Pasley violated 2 U.S.C. §§ 432(c) and 434(b);
- 24 9. Find reason to believe that Unknown Person E and Unknown Person E's  
25 Corporation each violated 2 U.S.C. § 441b;
- 26 10. Find reason to believe that Unknown Person F and Unknown Person F's  
27 Corporation violated 2 U.S.C. § 441b;

- 1 11. Approve the attached Factual and Legal Analyses;
- 2 12. Authorize the use of compulsory process as necessary; and
- 3 13. Approve the appropriate letters.

4 Dated: 11/12/13

  
5 Daniel A. Petalas  
6 Associate General Counsel for Enforcement

  
7 Peter G. Blumberg  
8 Assistant General Counsel

  
9 Leonard O. Evans III  
10 Attorney, Enforcement Division  
11  
12

13 **Attachments:**

- 14 1. Factual and Legal Analysis: Jesse Jackson, Jr. and Jackson Committee
- 15 2. Factual and Legal Analysis: Sandra Jackson
- 16 3. Factual and Legal Analysis: Terri Jones
- 17 4. Factual and Legal Analysis: Vickie Pasley
- 18 5. Factual and Legal Analysis: Unknown Person E and Person E's Corporation
- 19 6. Factual and Legal Analysis: Unknown Person F and Person F's Corporation

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1. **BEFORE THE FEDERAL ELECTION COMMISSION**

2 In the Matter of: )  
3 )  
4 Jesse Jackson, Jr. and ) MUR \_\_\_\_\_  
5 Jesse Jackson, Jr. for Congress and ) (formerly Pre-MUR 554 and RR 13L-12)  
6 Jesse Jackson, Jr. in his official )  
7 capacity as treasurer, )  
8 )  
9 *Respondents.* )  
10 \_\_\_\_\_ )

11 **FACTUAL AND LEGAL ANALYSIS**<sup>1</sup>

12 This matter concerns a scheme spanning seven years and involving more than 3,100  
13 transactions that diverted approximately \$750,000 from Jesse Jackson, Jr. for Congress to pay  
14 personal expenses of Congressman Jesse Jackson, Jr. and his wife, Chicago Alderman Sandra  
15 Jackson. Over the years, Congressman Jackson's campaign committee paid for the Jacksons'  
16 meals, groceries, designer clothing, travel, tickets, dry cleaning, home renovations, memorabilia,  
17 and personal credit card bills. To prevent the Commission or the public from discovering or  
18 questioning the scheme, Congressman Jackson and the treasurers of his campaign committee  
19 filed materially false and misleading disclosure reports.

20 The available record — including the statement of facts supporting Congressman  
21 Jackson's guilty plea in a criminal proceeding related to this scheme — provides substantial  
22 evidence that, in carrying out and covering up this scheme, Congressman Jackson, his campaign  
23 committee, and others violated multiple provisions of the Federal Election Campaign Act of  
24 1971, as amended (the "Act"). The Commission therefore finds reason to believe that  
25 Congressman Jackson and his campaign committee violated the Act as discussed below.

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<sup>1</sup> This matter was initiated based on information the Commission received in the course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1).

1 I. FACTUAL SUMMARY

2 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra  
3 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating  
4 back to 2005.<sup>2</sup> The Statement of Offense supporting Congressman Jackson's plea describes a  
5 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as  
6 Co-Conspirator 1), former campaign treasurer Terri Jones (referred to as Person A), and former  
7 campaign treasurer Vickie Pasley (referred to as Person B), among others, to divert funds from  
8 Congressman Jackson's campaign committee, Jesse Jackson, Jr. for Congress, for his and Sandra  
9 Jackson's personal use.<sup>3</sup> Specifically, between approximately August 2005 and April 2012, the  
10 Jacksons diverted approximately \$750,000 in campaign funds to pay for personal expenses.<sup>4</sup>  
11 They obtained these funds through several means, including making direct expenditures from  
12 campaign accounts, using campaign credit cards, and providing cash and campaign funds to  
13 others so that they, in turn, could engage in transactions benefiting the Jacksons personally.<sup>5</sup>

<sup>2</sup> Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$20,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

<sup>3</sup> Although the Statement of Offense refers to several individuals using pseudonyms, the identities of Sandra Jackson, Terri Jones, and Vickie Pasley are discernible from the references to their tenures at different times as treasurers to the Jackson Committee.

<sup>4</sup> Statement of Offense ¶ 11.

<sup>5</sup> *Id.*

1           They concealed this scheme by filing materially false and misleading disclosure reports  
2 with the Commission.<sup>6</sup> To do this, the Jacksons frequently directed Jones not to itemize personal  
3 expenditures made on the campaign credit card.<sup>7</sup> Other times, the Jacksons provided Jones with  
4 false justifications for expenditures, causing her, in turn, to include that false information in the  
5 campaign's disclosure reports.<sup>8</sup> Filing the materially false and misleading disclosure reports,  
6 "enabled the conspiracy to continue without detection for a lengthy period of time and without  
7 the questions from regulators or the general public that likely would have ensued had truthful  
8 and accurate reports and forms been filed."<sup>9</sup>

9           **A.     Committee Credit Card Used to Pay Personal Expenses**

10           One method the Jacksons used to divert Jackson Committee funds for personal use was to  
11 use the campaign committee's credit card to purchase a variety of personal goods and services,  
12 including high-end electronics, furniture, memorabilia, designer clothing, travel, tickets, and  
13 dinners.<sup>10</sup> For example, on or about November 14, 2009, Sandra Jackson used the Committee's  
14 credit card to purchase \$5,150 in fur capes and parkas from Edward Lowell Furrier, which  
15 shipped them from Beverly Hills, California, to the Jacksons' home in Washington, D.C.<sup>11</sup> And  
16 on or about November 27, 2008, Congressman Jackson charged \$5,687.75 to the Committee's

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6           *Id.* ¶ 13.

7           *Id.*

8           *Id.*

9           *Id.* ¶ 15.

10          *See id.* ¶¶ 21-22, 24.

11          *Id.* ¶¶ 21-23.

1 credit card to pay Martha's Vineyard Holistic Retreat for a member of Sandra Jackson's family  
2 to attend a five-day retreat.<sup>12</sup>

3 All told, between August 2005 and April 2012, the Jacksons used the Jackson  
4 Committee's credit card to make approximately 3,100 personal purchases totaling approximately  
5 \$582,772.58.<sup>13</sup> Many of these transactions fall into the following general categories:<sup>14</sup>

Personal Expense Category	Amount
Restaurants, nightclubs, lounges	\$60,857.04
Airfare	\$31,700.79
Tobacco shops	\$17,163.36
Sports clubs and lounges	\$16,058.91
Dry cleaning	\$14,513.42
Grocery stores	\$8,046.44
Drug stores	\$6,095.15
Alcohol	\$5,814.43

6 The Jacksons were able to use the Jackson Committee credit card to make these purchases  
7 because Congressman and Sandra Jackson each were identified as card members on the  
8 account.<sup>15</sup>

<sup>12</sup> See *id.* ¶¶ 21-22.

<sup>13</sup> See *id.* ¶ 25.

<sup>14</sup> *Id.* ¶ 24.

<sup>15</sup> *Id.* ¶ 20.

1           **B. Direct Expenditures of Jackson Committee Funds for Personal Expenses**

2           The Jacksons also made expenditures directly from the Jackson Committee's bank  
3 account to purchase personal items and pay down personal credit card balances. Between July  
4 2007 and July 2011, Congressman Jackson used this method to divert approximately \$57,793 in  
5 Jackson Committee funds to his personal use:<sup>16</sup>

Expenditure Date	Amount	Personal Use
July 10, 2007	\$43,350	Purchase gold-plated Rolex watch
September 13, 2007	\$2,000	Pay down personal credit card balance
September 14, 2007	\$2,457.16	Pay down personal credit card balance
October 12, 2007	\$4,355.49	Pay down personal credit card balance
October 9, 2009	\$1,640.25	Pay down personal credit card balance
December 24, 2009	\$1,271.16	Pay down personal credit card balance
July 7, 2011	\$2,718.77	Pay down personal credit card balance

6 Congressman Jackson was able to make these direct expenditures because he personally opened  
7 the bank account and was the only person with signatory authority on the account.<sup>17</sup>

8           **C. Funneled Committee Funds Through Others to Pay Personal Expenses**

9           Another means of diverting Jackson Committee funds involved funneling funds through  
10 conduits who then carried out transactions benefiting the Jacksons. For example, in one such  
11 transaction, on or about March 17, 2006, Congressman Jackson directed the Committee to issue  
12 a \$36,000 check to Sandra Jackson's consulting business for billboard expenses.<sup>18</sup> A week later,

<sup>16</sup> See *id.* ¶¶ 16-19.

<sup>17</sup> See *id.* ¶ 16.

<sup>18</sup> See *id.* ¶ 26. In 2001, Congressman Jackson requested an Advisory Opinion concerning the application of the Act and Commission regulations to his plan to hire Sandra Jackson as consultant to the Committee. See AO

1 Sandra Jackson deposited the check into her business's account.<sup>19</sup> And a week after that, she  
2 transferred the \$36,000 proceeds to an account she and Congressman Jackson controlled even  
3 though neither she nor Congressman Jackson had incurred expenses on behalf of the campaign  
4 that would entitled them to this \$36,000 payment.<sup>20</sup> Nevertheless, they then used nearly all of  
5 these funds to pay down personal debts.<sup>21</sup>

6 In another series of transactions, Terri Jones was the intermediary, using her personal  
7 checking account as a pass-through to conduct transactions for the Jacksons' personal benefit  
8 using Committee funds. From in or about October 2008 through in or about March 2012, the  
9 Jackson Committee issued approximately \$76,150.39 in checks to Jones, even though she had  
10 performed work for the Committee entitling her to only about \$11,409.<sup>22</sup> She used nearly all of  
11 the remainder, under Congressman Jackson's direction, for transactions to benefit the Jacksons  
12 personally.<sup>23</sup>

13 In at least four instances, she issued checks from the Committee account to her personal  
14 account to provide sufficient funds for her to write personal checks to Congressman Jackson.<sup>24</sup>

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2001-10 (Jesse Jackson, Jr.) (July 17, 2011). The Commission explained that salary payments to family members are permissible "where they are payments for 'bona fide, campaign-related services'" and that such payments may not exceed fair market value for the service. *Id.* at 3 (quoting 11 C.F.R. § 113.1(g)(1)(i)(H)). Because the transactions here do not represent "bona fide, campaign-related services," that advisory opinion does not shield Jackson from "sanction provided by [the] Act." 2 U.S.C. § 437f(c)(2).

<sup>19</sup> *Id.* ¶ 27.

<sup>20</sup> *Id.* ¶ 28.

<sup>21</sup> *See id.* ¶¶ 28-29.

<sup>22</sup> *Id.* ¶ 30.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* ¶ 32.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Congressman Jackson	Amount
October 14, 2008	\$9,000 <sup>25</sup>	October 15, 2008	\$6,500 <sup>26</sup>
March 4, 2009	\$4,000	March 4, 2009	\$3,500
August 1, 2011	\$6,300	August 1, 2011	\$4,000
March 22, 2012	\$4,730.39 <sup>27</sup>	March 5, 2012	\$1,700

1 In six other instances, Jones received about \$16,400 in cash from Congressman Jackson<sup>28</sup>  
2 and about \$6,730 in checks from the Committee that she deposited into her personal checking  
3 account to provide sufficient funds for her to write personal checks totaling about \$21,211 to pay  
4 down the Jacksons' personal credit card debt:<sup>29</sup>

<sup>25</sup> As the table shows, from this amount, Jones made a payment of \$6,500 to Congressman Jackson on October 15, 2008. The remainder was used to pay a contractor for work performed on the Jacksons' Washington, D.C., home. *See infra* p.8.

<sup>26</sup> Jones made this payment to Congressman Jackson in cash. The other payments were made by check. *See Statement of Offense* at n.3.

<sup>27</sup> The remainder was used for another transaction to personally benefit the Jacksons. *See infra* n.30.

<sup>28</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Statement of Offense* ¶ 35.

<sup>29</sup> *Id.* ¶ 35.

Jones Deposit Date	Amount	Form	Jones Personal Check Issued to Pay Jacksons' Creditors	Amount
January 18, 2011	\$4,500	Cash	January 21, 2011	\$4,500
March 9, 2011	\$4,800	Cash	March 16, 2011	\$4,800
April 13, 2011	\$3,500	Cash	April 18, 2011	\$3,500
July 26, 2011	\$3,600	Cash	July 29, 2011	\$3,600
February 16, 2012	\$2,000	Check	February 18, 2012	\$2,000
March 22, 2012	\$4,730.39	Check	March 22, 2012	\$2,810.91 <sup>30</sup>

1 In numerous other instances between October 2008 and September 2011 Jones received  
2 payments from the Committee totaling approximately \$30,750.<sup>31</sup> She deposited these payments  
3 into her personal account and then used the funds to issue approximately \$26,347 in personal  
4 checks to multiple contractors who performed work on the Jacksons' Washington, D.C., home.<sup>32</sup>  
5 In each instance, Congressman Jackson instructed Jones to issue a Committee check to herself  
6 and then to use the funds to pay the contractors.<sup>33</sup>

7 Similarly, in 2011, at Congressman Jackson's direction, Jones received Committee funds  
8 that she then used to pay the cost of two mounted elk heads from a taxidermist:<sup>34</sup>

<sup>30</sup> See *supra* n.27.

<sup>31</sup> Statement of Offense ¶ 36.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*

<sup>34</sup> *Id.* ¶ 38.

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Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Taxidermist	Amount
March 14, 2011	\$3,005 <sup>35</sup>	March 14, 2011	\$3,000 <sup>36</sup>
March 29, 2011	\$3,500	April 1, 2011	\$3,000
April 21, 2011	\$1,500	April 21, 2011	\$1,053

1 Then, in August 2012, Sandra Jackson instructed Jones to sell the mounted elk heads.<sup>37</sup> Jones  
2 arranged the transaction and, with Sandra Jackson's approval, sold the elk heads for \$5,300,  
3 which was less than their original purchase price.<sup>38</sup> At Sandra Jackson's direction, the proceeds  
4 of this sale then were wired to the Jacksons' personal account.<sup>39</sup>

5 In another series of transactions, Person C, one of Congressman Jackson's staff members,  
6 received \$3,700 in cash from Congressman Jackson on or about September 8, 2009.<sup>40</sup>  
7 Immediately after depositing this cash into Person C's checking account and at Congressman  
8 Jackson's direction, Person C issued a check in the amount of \$2,000 to pay down the Jacksons'  
9 personal credit card debt.<sup>41</sup> About one month later, on or about October 13, 2009, Congressman  
10 Jackson gave Person C \$4,500 in cash.<sup>42</sup> After depositing this cash and at Congressman

<sup>35</sup> This amount was provided by Congressman Jackson to Jones in cash. *Id.* Congressman Jackson has claimed that this cash was given to him by family members. *Id.*

<sup>36</sup> This payment was made using a cashier's check instead of a personal check. Jones used the remaining \$5 to pay the cashier's-check fee. *Id.*

<sup>37</sup> *Id.* ¶ 46.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 47.

<sup>41</sup> *Id.* ¶¶ 47-48.

<sup>42</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 49.

1 Jackson's direction, Person C used Person C's debit card to make two payments totaling \$5,500  
2 to purchase a guitar used by Michael Jackson and Eddie Van Halen, which then was shipped to  
3 Congressman Jackson's Congressional office.<sup>43</sup> Person C presumably kept the remaining \$700.  
4 And in April 2010, Congressman Jackson gave Person C \$6,400 in cash, which Person C used to  
5 obtain two \$3,200 cashier's checks made out to a private school in Chicago and listing the  
6 purchaser as Sandra Jackson.<sup>44</sup>

7 **D. Corporate Contributions Benefitted the Jacksons Personally**

8 The Jacksons also benefitted personally from payments made by other individuals. For  
9 example, on or about April 15, 2011, Person F, the owner of an Alabama company, issued a  
10 \$25,000 check from a corporate account controlled by Person F to pay down the Jacksons'  
11 personal credit card debt.<sup>45</sup> Similarly, on or about May 5, 2009, Person E, the owner of an  
12 Illinois consulting firm, issued a \$3,500 check from a corporate account controlled by Person E  
13 to pay down the Jacksons' personal credit card debt.<sup>46</sup>

14 **E. Other Contributions Benefitted the Jacksons Personally**

15 Person D received a total of \$15,000 in cash from Congressman Jackson between on or  
16 about August 21, 2009, and September 3, 2009.<sup>47</sup> At Congressman Jackson's direction, Person  
17 D then issued three checks between on or before August 26, 2009, and October 1, 2009, totaling

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<sup>43</sup> *Id.* ¶¶ 51-52.

<sup>44</sup> *Id.* ¶ 53.

<sup>45</sup> Statement of Offense ¶ 57.

<sup>46</sup> *Id.* ¶ 55.

<sup>47</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 54.

1 \$16,500, to pay down the Jacksons' personal credit card debt.<sup>48</sup> Person D thus made a net  
2 payment of \$1,500 for Congressman Jackson's personal credit card debt.<sup>49</sup>

3 **F. False Disclosures to Conceal the Scheme**

4 To enable and prolong the scheme, the Jacksons directed that materially false and  
5 misleading disclosure reports be filed with the Commission between in or about August 2005  
6 and in or about July 2012. To conceal the Jacksons' personal expenditures using the  
7 Committee's credit card, the Jacksons directed Jones not to itemize personal expenditures made  
8 on the campaign credit card.<sup>50</sup> Other times, the Jacksons provided Jones with false justifications  
9 for expenditures, causing her, in turn, to include that false information in the campaign's  
10 disclosure reports.<sup>51</sup> Sandra Jackson, Jones, and Vickie Pasley then submitted disclosure reports  
11 containing materially false and misleading statements.<sup>52</sup> For example, on or about January 23,  
12 2009, Pasley filed a disclosure report stating that the Committee spent \$387.04 on November 22,  
13 2008, at Costco for "Food for Campaign Staff Holiday dinner."<sup>53</sup> In truth, however, Sandra  
14 Jackson used this Committee funds to purchase bathrobes and other items for the Jacksons'  
15 personal use.<sup>54</sup> Filing the materially false and misleading disclosure reports, "enabled the

<sup>48</sup> *Id.* ¶ 54.

<sup>49</sup> This net payment was made at Congressman Jackson's direction, and there is no information to suggest that it would have been made irrespective of Congressman Jackson's candidacy. Because paying a candidate's personal expenses constitutes a contribution unless the payment would have been made irrespective of the candidacy, 11 C.F.R. § 113.1(g)(6), Person D's \$1,500 payment is subject to the individual contribution limits. *See* Advisory Op. 2000-08 (Harvey) (gifts to candidates for personal use are subject to the Act's individual contribution limits).

<sup>50</sup> Statement of Offense ¶ 59.

<sup>51</sup> *Id.*

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

1 conspiracy to continue without detection for a lengthy period of time and without the questions  
2 from regulators or the general public that likely would have ensued had truthful and accurate  
3 reports and forms been filed.”<sup>55</sup>

4 **G. Notice and Response**

5 On March 21, 2013, the Office of General Counsel provided notice of this matter to  
6 Congressman Jackson and the Jackson Committee. Through counsel, Congressman Jackson  
7 declined to submit a response.<sup>56</sup> The Jackson Committee simply did not respond.

8 **H. RAD Referral 13L-12**

9 Separately, the Reports Analysis Division (“RAD”) referred the Jackson Committee to  
10 the Office of General Counsel for disclosing a cash-on-hand discrepancy totaling \$59,379.19 in  
11 the 2012 October Quarterly Report it filed with the Commission.<sup>57</sup> In that report, the Committee  
12 disclosed a beginning cash-on-hand balance of \$187,246.32. But in the immediately preceding  
13 report, the 2012 July Quarterly, the Committee disclosed a closing cash-on-hand balance of  
14 \$246,625.51. Because these cash-on-hand figures did not match, on November 29, 2012, RAD  
15 issued a Request for Additional Information to the Jackson Committee, but the Committee did  
16 not provide a substantive response.<sup>58</sup> Nor did it respond after receiving notice of the referral. It

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<sup>55</sup> *Id.* ¶ 15.

<sup>56</sup> *See* J. Jackson Resp. (Apr. 11, 2013).

<sup>57</sup> *See* Mem. from Patricia Orrick, Chief Compliance Officer, FEC, to Anthony Herman, Gen. Counsel, FEC (May 10, 2013).

<sup>58</sup> *See id.*, Attach. 1. RAD made several attempts to contact the Committee. It spoke with then-treasurer Pasley on January 15, 2013, who stated that she was unaware of the Request for Additional Information. RAD provided her with a copy, but she never provided a response.

1 has not otherwise explained why the October Quarterly beginning cash-on-hand balance is  
2 \$59,379.19 less than the closing balance from the preceding report.

3 **III. LEGAL ANALYSIS**

4 Congressman Jackson has admitted that he and others participated in a plan to divert  
5 Jackson Committee funds for the Jacksons' personal use and benefit. Using a variety of  
6 methods, the Jacksons ultimately diverted approximately \$750,000 in Committee funds to pay  
7 for a variety of personal goods and services. Congressman Jackson and the Jackson Committee,  
8 among others, concealed this scheme by filing materially false and misleading disclosures. In  
9 light of this and the other available information, the Commission makes the following reason-to-  
10 believe findings.<sup>59</sup>

11 **A. There Is Reason to Believe Congressman Jackson and the Jackson**  
12 **Committee Diverted Committee Funds for the Jacksons' Personal Use**

13 Candidates and their committees have wide discretion in making expenditures to  
14 influence the candidate's election, but the Act and Commission regulations prohibit any person  
15 from converting contributions or donations to personal use.<sup>60</sup> "Personal use" refers to "any use  
16 of funds in a campaign account of a present or former candidate to fulfill a commitment,  
17 obligation or expense of any person that would exist irrespective of the candidate's campaign or  
18 duties as a Federal officeholder."<sup>61</sup> Whether certain uses of committee funds — such as legal,  
19 meal, travel, or certain vehicles expenses — are personal use depends on the case-specific facts

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<sup>59</sup> See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) ("RTB Policy") ("The Commission will find 'reason to believe' in cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.").

<sup>60</sup> 2 U.S.C. § 439a(b); 11 C.F.R. § 113.1(g).

<sup>61</sup> 11 C.F.R. § 113.1(g).

1 and circumstances.<sup>62</sup> In such cases, “If the candidate can reasonably show that the expenses at  
2 issue resulted from campaign or officeholder activities, the Commission will not consider the use  
3 to be personal use.”<sup>63</sup> Other uses of committee funds, however, are personal use *per se* — for  
4 example, tuition payments, household food items, health club dues, clothing purchases, and  
5 home mortgage, rent, or utilities payments.<sup>64</sup>

6 Here, Congressman Jackson’s admissions leave no doubt that, through a variety of  
7 means, the Jacksons used Committee funds for all manner of personal uses — including many  
8 *per se* personal uses — over an extended period of time. Between August 2005 and April 2012,  
9 the Jacksons used the Jackson Committee credit card to make approximately 3,100 personal  
10 purchases — including meals and entertainment, travel, and household items — totaling  
11 approximately \$582,773. Between July 2007 and July 2011, Congressman Jackson made direct  
12 expenditures of \$57,793 in Committee funds to purchase a Rolex watch and pay down his  
13 personal credit card debt. And between 2006 and 2012, the Jacksons, with Jones participating as  
14 an intermediary, diverted Committee funds and otherwise disguised transactions involving  
15 approximately \$100,741 used to pay down personal credit card debt, pay for home renovations,  
16 and purchase elk heads. All of these uses involved funds diverted from the Jackson Committee  
17 that benefitted the Jacksons personally.<sup>65</sup> The Commission therefore finds reason to believe that

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<sup>62</sup> *Id.* § 113.1(g)(1)(ii).

<sup>63</sup> See Final Rule and Explanation and Justification, Personal Use of Campaign Funds, 60 Fed. Reg. 7,862, 7,867 (Feb. 9, 1995) (“Personal Use E&J”).

<sup>64</sup> 2 U.S.C. § 439a(b)(2); 11 C.F.R. § 113.1(g)(1)(i).

<sup>65</sup> See, e.g., MUR 5895 (Meeks for Congress) (2008) (finding candidate and committee violated Act by, *inter alia*, using committee funds to pay down personal credit card debt, pay for personal trainer, and pay vehicle expenses).

1 Congressman Jackson and the Jackson Committee violated the Act and Commission regulations  
2 by diverting Jackson Committee funds for the Jacksons' personal use and benefit.<sup>66</sup>

3 **B. There Is Reason to Believe That Congressman Jackson and the Jackson**  
4 **Committee Accepted Prohibited Corporate Contributions Made by Person**  
5 **E, Person F, and Their Corporations**

6 The Act prohibits corporations from making contributions to candidates or their  
7 committees in connection with federal elections.<sup>67</sup> It also prohibits corporate officers from  
8 consenting to, and candidates from knowingly accepting, corporate contributions.<sup>68</sup> Thus,  
9 corporations may not make direct or indirect payments or gifts or provide "anything of value,"  
10 including "in-kind contributions" to federal candidates.<sup>69</sup> For example, a corporation may not  
11 pay for a candidate's personal expenses because doing so would be considered a contribution  
12 unless the payment would have been made irrespective of the candidacy.<sup>70</sup>

13 Here, Person E issued a \$3,500 check drawn on Person E's Corporation's account to pay  
14 down the Jacksons' personal credit card debt. On another occasion, Person F issued a \$25,000  
15 check drawn on Person F's Corporation's account for the same purpose. These payments were  
16 made at Congressman Jackson's direction and there is no information to suggest that either of  
17 these payments would have been made irrespective of Congressman Jackson's candidacy.<sup>71</sup> Nor

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<sup>66</sup> 2 U.S.C. § 439a; 11 C.F.R. § 113.1(g).

<sup>67</sup> 2 U.S.C. § 441b(a).

<sup>68</sup> *Id.*

<sup>69</sup> 2 U.S.C. § 441b(b)(2); 11 C.F.R. §§ 100.52(d)(1); 114.1(a)(1).

<sup>70</sup> 11 C.F.R. § 113.1(g)(6).

<sup>71</sup> *Cf.* AO 2000-08 (Harvey) (gifts to candidates for personal use are contributions subject to the Act's limits and prohibitions).

1 is there information suggesting that these payments were *bona fide* employment compensation.<sup>72</sup>  
2 The Commission therefore finds reason to believe that Congressman Jackson and the Jackson  
3 Committee violated the Act by knowingly accepting prohibited corporate contributions made by  
4 Person E's Corporation and Person F's Corporation.<sup>73</sup>

5 **C. There Is Reason to Believe That the Jackson Committee Failed to Disclose**  
6 **Contributions and Expenditures**

7 Candidates' authorized committees are required to disclose all the contributions they  
8 receive, including in-kind contributions, and disbursements they make.<sup>74</sup> The Act also requires  
9 committees to disclose itemized breakdowns of receipts and disbursements, including the name  
10 and address of each person who has made any contributions or received any disbursements in an  
11 aggregate amount or value greater than \$200 within the calendar year, together with the date and  
12 amount of any such contribution or disbursement.<sup>75</sup> When a committee receives an in-kind  
13 contribution, it is treated as an expenditure by the committee benefiting from it, which requires  
14 the committee to disclose it as a disbursement as well as a contribution.<sup>76</sup>

15 Here, Congressman Jackson has admitted that the Committee filed materially false and  
16 misleading disclosure reports with the Commission.<sup>77</sup> Indeed, he has admitted that filing  
17 materially false and misleading reports enabled his personal-use scheme "to continue without

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<sup>72</sup> See 11 C.F.R. § 113.1(g)(6)(iii).

<sup>73</sup> 2 U.S.C. § 441b(a).

<sup>74</sup> 2 U.S.C. § 434(b); 11 C.F.R. §§ 104.3, 104.13(a)(1).

<sup>75</sup> See 2 U.S.C. § 434(b)(2)-(6); 11 C.F.R. § 104.3(a)(3)-(4), (b)(2), (b)(4).

<sup>76</sup> 11 C.F.R. § 104.13(a)(2).

<sup>77</sup> Statement of Offense ¶ 59.

1 detection for a lengthy period of time and without the questions from regulators or the general  
2 public that likely would have ensued had truthful and accurate reports and forms been filed.”<sup>78</sup>

3 In addition, RAD’s referral of the Committee’s cash-on-hand discrepancy discloses  
4 further apparent violations of the Committee’s reporting obligations. The Committee’s  
5 disclosure of a beginning cash-on-hand balance that was \$59,379.19 lower than the closing cash-  
6 on-hand balance listed in its immediately preceding report indicates that the Committee did not  
7 accurately disclose its receipts and/or its disbursements. The Commission therefore finds reason  
8 to believe that the Committee violated the Act and Commission regulations by failing to  
9 accurately report all contributions, receipts and disbursements.<sup>79</sup>

10 **D. Congressman Jackson’s and the Jackson Committee’s Misconduct Was**  
11 **Knowing and Willful**

12 A violation of the Act is knowing and willful if the “acts were committed with full  
13 knowledge of all the relevant facts and a recognition that the action is prohibited by law.”<sup>80</sup>  
14 Knowledge and willfulness may be shown by direct or circumstantial evidence that a respondent  
15 “acted voluntarily and was aware that his conduct was unlawful.”<sup>81</sup> For example, a respondent’s  
16 voluntary participation in a scheme to disguise or conceal the recipients and purposes of  
17 disbursements, as well as the sources of contributions, indicates that the misconduct was  
18 knowing and willful.<sup>82</sup> As the Fifth Circuit noted in *Hopkins*, “It has long been recognized that

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<sup>78</sup> *Id.* ¶ 15.

<sup>79</sup> 2 U.S.C. § 434(b); 11 C.F.R. § 104.3.

<sup>80</sup> 122 Cong. Rec. 12,197, 12,199 (May 3, 1976).

<sup>81</sup> *United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citations omitted).

<sup>82</sup> *Cf. United States v. Hopkins*, 916 F.2d 207, 214-15 (5th Cir. 1990). *Hopkins* involved a conduit contributions scheme, and the issue before the Fifth Circuit concerned the sufficiency of the evidence supporting the

1 'efforts at concealment [may] be reasonably explainable only in terms of motivation to evade'  
2 lawful obligations."<sup>83</sup>

3 Here, Congressman Jackson and the Jackson Committee used a variety of means and  
4 involved others to conceal the scheme to divert Committee funds to the Jacksons' personal use  
5 and benefit. For example, they used Jones as a pass-through to disguise the true recipients and  
6 purposes of Committee disbursements. They also directed Jones and Pasley to prepare and file  
7 materially false and misleading disclosure reports to "enable[] the conspiracy to continue without  
8 detection for a lengthy period of time."<sup>84</sup> This demonstrates that Congressman Jackson and the  
9 Jackson Committee well knew their conduct was unauthorized and illegal. The Commission  
10 therefore finds reason to believe that Congressman Jackson's and the Jackson Committee's  
11 violations of the Act and Commission regulations were knowing and willful.

12 **III. CONCLUSION**

13 For the reasons discussed above, the available information — and in particular the factual  
14 basis supporting Congressman Jackson's guilty plea — credibly sets forth facts supporting a  
15 reason to believe that Congressman Jackson and the Jackson Committee participated in multiple  
16 significant violations of the Act and Commission regulations.

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defendants' convictions for conspiracy and false statements under 18 U.S.C. §§ 371 and 1001.

<sup>83</sup> *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

<sup>84</sup> Statement of Offense ¶ 15.

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2 In the Matter of: )  
3 )  
4 Sandra Jackson, ) MUR \_\_\_\_\_  
5 ) (formerly Pre-MUR 554)  
6 Respondent. )  
7 \_\_\_\_\_)

8 **FACTUAL AND LEGAL ANALYSIS**<sup>1</sup>

9 This matter concerns a scheme spanning seven years and involving more than 3,100  
10 transactions that diverted approximately \$750,000 from Jesse Jackson, Jr. for Congress to pay  
11 personal expenses of Congressman Jesse Jackson, Jr. and his wife, Chicago Alderman Sandra  
12 Jackson. Over the years, Congressman Jackson's campaign committee paid for the Jacksons'  
13 meals, groceries, designer clothing, travel, tickets, dry cleaning, home renovations, memorabilia,  
14 and personal credit card bills. To prevent the Commission or the public from discovering or  
15 questioning the scheme, Congressman Jackson and the treasurers of his campaign committee  
16 filed materially false and misleading disclosure reports.

17 The available record — including the statement of facts supporting Congressman  
18 Jackson's guilty plea in a criminal proceeding related to this scheme — provides substantial  
19 evidence that, by participating in and covering up this scheme, Sandra Jackson, among others,  
20 violated provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"). The  
21 Commission therefore finds reason to believe that she violated the Act as discussed below.

22 **I. FACTUAL SUMMARY**

23 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra  
24 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating

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<sup>1</sup> This matter was initiated based on information the Commission received in the course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1).

1 back to 2005.<sup>2</sup> The Statement of Offense supporting Congressman Jackson's plea describes a  
2 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as  
3 Co-Conspirator 1), former campaign treasurer Terri Jones (referred to as Person A), and former  
4 campaign treasurer Vickie Pasley (referred to as Person B), among others, to divert funds from  
5 Congressman Jackson's campaign committee, Jesse Jackson, Jr. for Congress, for his and Sandra  
6 Jackson's personal use.<sup>3</sup> Specifically, between approximately August 2005 and April 2012, the  
7 Jacksons diverted approximately \$750,000 in campaign funds to pay for personal expenses.<sup>4</sup>  
8 They obtained these funds through several means, including making direct expenditures from  
9 campaign accounts, using campaign credit cards, and providing cash and campaign funds to  
10 others so that they, in turn, could engage in transactions benefiting the Jacksons personally.<sup>5</sup>

11 They concealed this scheme by filing materially false and misleading disclosure reports  
12 with the Commission.<sup>6</sup> To do this, the Jacksons frequently directed Jones not to itemize personal

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<sup>2</sup> Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$20,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

<sup>3</sup> Although the Statement of Offense refers to them using pseudonyms, the identities of Sandra Jackson, Terri Jones, and Vickie Pasley are discernible from the references to their tenures at different times as treasurers to the Jackson Committee.

<sup>4</sup> Statement of Offense ¶ 11.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* ¶ 13.

1 expenditures made on the campaign credit card.<sup>7</sup> Other times, the Jacksons provided Jones with  
2 false justifications for expenditures, causing her, in turn, to include that false information in the  
3 campaign's disclosure reports.<sup>8</sup> Filing the materially false and misleading disclosure reports,  
4 "enabled the conspiracy to continue without detection for a lengthy period of time and without  
5 the questions from regulators or the general public that likely would have ensued had truthful  
6 and accurate reports and forms been filed."<sup>9</sup>

7 **A. Committee Credit Card Used to Pay Personal Expenses**

8 One method the Jacksons used to divert Jackson Committee funds for personal use was to  
9 use the campaign committee's credit card to purchase a variety of personal goods and services,  
10 including high-end electronics, furniture, memorabilia, designer clothing, travel, tickets, and  
11 dinners.<sup>10</sup> For example, on or about November 14, 2009, Sandra Jackson used the Committee's  
12 credit card to purchase \$5,150 in fur capes and parkas from Edward Lowell Furrier, which  
13 shipped them from Beverly Hills, California, to the Jacksons' home in Washington, D.C.<sup>11</sup> And  
14 on or about November 27, 2008, Congressman Jackson charged \$5,687.75 to the Committee's  
15 credit card to pay Martha's Vineyard Holistic Retreat for a member of Sandra Jackson's family  
16 to attend a five-day retreat.<sup>12</sup>

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7 *Id.*

8 *Id.*

9 *Id.* ¶ 15.

10 *See id.* ¶¶ 21-22, 24.

11 *Id.* ¶¶ 21-23.

12 *See id.* ¶¶ 21-22.

1 All told, between August 2005 and April 2012, the Jacksons used the Jackson  
2 Committee's credit card to make approximately 3,100 personal purchases totaling approximately  
3 \$582,772.58.<sup>13</sup> Many of these transactions fall into the following general categories:<sup>14</sup>

Personal Expense Category	Amount
Restaurants, nightclubs, lounges	\$60,857.04
Airfare	\$31,700.79
Tobacco shops	\$17,163.36
Sports clubs and lounges	\$16,058.91
Dry cleaning	\$14,513.42
Grocery stores	\$8,046.44
Drug stores	\$6,095.15
Alcohol	\$5,814.43

4 The Jacksons were able to use the Jackson Committee credit card to make these purchases  
5 because Congressman and Sandra Jackson each were identified as card members on the  
6 account.<sup>15</sup>

7 **B. Direct Expenditures of Jackson Committee Funds for Personal Expenses**

8 The Jacksons also made expenditures directly from the Jackson Committee's bank  
9 account to purchase personal items and pay down personal credit card balances. Between July

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<sup>13</sup> See *id.* ¶ 25.

<sup>14</sup> *Id.* ¶ 24.

<sup>15</sup> *Id.* ¶ 20.

- 1 2007 and July 2011, Congressman Jackson used this method to divert approximately \$57,793 in
- 2 Jackson Committee funds to his personal use:<sup>16</sup>

Expenditure Date	Amount	Personal Use
July 10, 2007	\$43,350	Purchase gold-plated Rolex watch
September 13, 2007	\$2,000	Pay down personal credit card balance
September 14, 2007	\$2,457.16	Pay down personal credit card balance
October 12, 2007	\$4,355.49	Pay down personal credit card balance
October 9, 2009	\$1,640.25	Pay down personal credit card balance
December 24, 2009	\$1,271.16	Pay down personal credit card balance
July 7, 2011	\$2,718.77	Pay down personal credit card balance

- 3 Congressman Jackson was able to make these direct expenditures because he personally opened
- 4 the bank account and was the only person with signatory authority on the account.<sup>17</sup>

5 **C. Funneled Committee Funds Through Others to Pay Personal Expenses**

- 6 Another means of diverting Jackson Committee funds involved funneling funds through
- 7 conduits who then carried out transactions benefiting the Jacksons. For example, in one such
- 8 transaction, on or about March 17, 2006, Congressman Jackson directed the Committee to issue
- 9 a \$36,000 check to Sandra Jackson's consulting business for billboard expenses.<sup>18</sup> A week later,

<sup>16</sup> See *id.* ¶¶ 16-19.

<sup>17</sup> See *id.* ¶ 16.

<sup>18</sup> See *id.* ¶ 26. In 2001, Congressman Jackson requested an Advisory Opinion concerning the application of the Act and Commission regulations to his plan to hire Sandra Jackson as consultant to the Committee. See AO 2001-10 (Jesse Jackson, Jr.) (July 17, 2011). The Commission explained that salary payments to family members are permissible "where they are payments for 'bona fide, campaign-related services'" and that such payments may not exceed fair market value for the service. *Id.* at 3 (quoting 11 C.F.R. § 113.1(g)(1)(i)(H)). Because the transactions here do not represent "bona fide, campaign-related services," that advisory opinion does not shield Jackson from "sanction provided by [the] Act." 2 U.S.C. § 437f(c)(2).

1 Sandra Jackson deposited the check into her business's account.<sup>19</sup> And a week after that, she  
2 transferred the \$36,000 proceeds to an account she and Congressman Jackson controlled even  
3 though neither she nor Congressman Jackson had incurred expenses on behalf of the campaign  
4 that would entitled them to this \$36,000 payment.<sup>20</sup> Nevertheless, they then used nearly all of  
5 these funds to pay down personal debts.<sup>21</sup>

6 In another series of transactions, Terri Jones was the intermediary, using her personal  
7 checking account as a pass-through to conduct transactions for the Jacksons' personal benefit  
8 using Committee funds. From in or about October 2008 through in or about March 2012, the  
9 Jackson Committee issued approximately \$76,150.39 in checks to Jones, even though she had  
10 performed work for the Committee entitling her to only about \$11,409.<sup>22</sup> She used nearly all of  
11 the remainder, under Congressman Jackson's direction, for transactions to benefit the Jacksons  
12 personally.<sup>23</sup>

13 In at least four instances, she issued checks from the Committee account to her personal  
14 account to provide sufficient funds for her to write personal checks to Congressman Jackson.<sup>24</sup>

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<sup>19</sup> *Id.* ¶ 27.

<sup>20</sup> *Id.* ¶ 28.

<sup>21</sup> *See id.* ¶¶ 28-29.

<sup>22</sup> *Id.* ¶ 30.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* ¶ 32.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Congressman Jackson	Amount
October 14, 2008	\$9,000 <sup>25</sup>	October 15, 2008	\$6,500 <sup>26</sup>
March 4, 2009	\$4,000	March 4, 2009	\$3,500
August 1, 2011	\$6,300	August 1, 2011	\$4,000
March 22, 2012	\$4,730.39 <sup>27</sup>	March 5, 2012	\$1,700

1 In six other instances, Jones received about \$16,400 in cash from Congressman Jackson<sup>28</sup>  
2 and about \$6,730 in checks from the Committee that she deposited into her personal checking  
3 account to provide sufficient funds for her to write personal checks totaling about \$21,211 to pay  
4 down the Jacksons' personal credit card debt:<sup>29</sup>

<sup>25</sup> As the table shows, from this amount, Jones made a payment of \$6,500 to Congressman Jackson on October 15, 2008. The remainder was used to pay a contractor for work performed on the Jacksons' Washington, D.C., home. See *infra* p.8.

<sup>26</sup> Jones made this payment to Congressman Jackson in cash. The other payments were made by check. See Statement of Offense at n.3.

<sup>27</sup> The remainder was used for another transaction to personally benefit the Jacksons. See *infra* n.30.

<sup>28</sup> Congressman Jackson has claimed that this cash was given to him by family members. Statement of Offense ¶ 35.

<sup>29</sup> *Id.* ¶ 35.

Jones Deposit Date	Amount	Form	Jones Personal Check Issued to Pay Jacksons' Creditors	Amount
January 18, 2011	\$4,500	Cash	January 21, 2011	\$4,500
March 9, 2011	\$4,800	Cash	March 16, 2011	\$4,800
April 13, 2011	\$3,500	Cash	April 18, 2011	\$3,500
July 26, 2011	\$3,600	Cash	July 29, 2011	\$3,600
February 16, 2012	\$2,000	Check	February 18, 2012	\$2,000
March 22, 2012	\$4,730.39	Check	March 22, 2012	\$2,810.91 <sup>30</sup>

1 In numerous other instances between October 2008 and September 2011 Jones received  
2 payments from the Committee totaling approximately \$30,750.<sup>31</sup> She deposited these payments  
3 into her personal account and then used the funds to issue approximately \$26,347 in personal  
4 checks to multiple contractors who performed work on the Jacksons' Washington, D.C., home.<sup>32</sup>  
5 In each instance, Congressman Jackson instructed Jones to issue a Committee check to herself  
6 and then to use the funds to pay the contractors.<sup>33</sup>

7 Similarly, in 2011, at Congressman Jackson's direction, Jones received Committee funds  
8 that she then used to pay the cost of two mounted elk heads from a taxidermist.<sup>34</sup>

<sup>30</sup> See *supra* n.27.

<sup>31</sup> Statement of Offense ¶ 36.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*

<sup>34</sup> *Id.* ¶ 38.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Taxidermist	Amount
March 14, 2011	\$3,005 <sup>35</sup>	March 14, 2011	\$3,000 <sup>36</sup>
March 29, 2011	\$3,500	April 1, 2011	\$3,000
April 21, 2011	\$1,500	April 21, 2011	\$1,053

1 Then, in August 2012, Sandra Jackson instructed Jones to sell the mounted elk heads.<sup>37</sup> Jones  
2 arranged the transaction and, with Sandra Jackson's approval, sold the elk heads for \$5,300,  
3 which was less than their original purchase price.<sup>38</sup> At Sandra Jackson's direction, the proceeds  
4 of this sale then were wired to the Jacksons' personal account.<sup>39</sup>

5 In another series of transactions, Person C, one of Congressman Jackson's staff members,  
6 received \$3,700 in cash from Congressman Jackson on or about September 8, 2009.<sup>40</sup>  
7 Immediately after depositing this cash into Person C's checking account and at Congressman  
8 Jackson's direction, Person C issued a check in the amount of \$2,000 to pay down the Jacksons'  
9 personal credit card debt.<sup>41</sup> About one month later, on or about October 13, 2009, Congressman  
10 Jackson gave Person C \$4,500 in cash.<sup>42</sup> After depositing this cash and at Congressman

<sup>35</sup> This amount was provided by Congressman Jackson to Jones in cash. *Id.* Congressman Jackson has claimed that this cash was given to him by family members. *Id.*

<sup>36</sup> This payment was made using a cashier's check instead of a personal check. Jones used the remaining \$5 to pay the cashier's-check fee. *Id.*

<sup>37</sup> *Id.* ¶ 46.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 47.

<sup>41</sup> *Id.* ¶¶ 47-48.

<sup>42</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 49.

1 Jackson's direction, Person C used Person C's debit card to make two payments totaling \$5,500  
2 to purchase a guitar used by Michael Jackson and Eddie Van Halen, which then was shipped to  
3 Congressman Jackson's Congressional office.<sup>43</sup> Person C presumably kept the remaining \$700.  
4 And in April 2010, Congressman Jackson gave Person C \$6,400 in cash, which Person C used to  
5 obtain two \$3,200 cashier's checks made out to a private school in Chicago and listing the  
6 purchaser as Sandra Jackson.<sup>44</sup>

7 **D. Corporate Contributions Benefitted the Jacksons Personally**

8 The Jacksons also benefitted personally from payments made by other individuals. For  
9 example, on or about April 15, 2011, Person F, the owner of an Alabama company, issued a  
10 \$25,000 check from a corporate account controlled by Person F to pay down the Jacksons'  
11 personal credit card debt.<sup>45</sup> Similarly, on or about May 5, 2009, Person E, the owner of an  
12 Illinois consulting firm, issued a \$3,500 check from a corporate account controlled by Person E  
13 to pay down the Jacksons' personal credit card debt.<sup>46</sup>

14 **E. Other Contributions Benefitted the Jacksons Personally**

15 Person D received a total of \$15,000 in cash from Congressman Jackson between on or  
16 about August 21, 2009, and September 3, 2009.<sup>47</sup> At Congressman Jackson's direction, Person  
17 D then issued three checks between on or before August 26, 2009, and October 1, 2009, totaling

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43. *Id.* ¶¶ 51-52.

44. *Id.* ¶ 53.

45. Statement of Offense ¶ 57.

46. *Id.* ¶ 55.

47. Congressman Jackson has claimed that this cash was given to him by family members. *Id.* ¶ 54.

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1 \$16,500, to pay down the Jacksons' personal credit card debt.<sup>48</sup> Person D thus made a net  
2 payment of \$1,500 for Congressman Jackson's personal credit card debt.<sup>49</sup>

3 **F. False Disclosures to Conceal the Scheme**

4 To enable and prolong the scheme, the Jacksons directed that materially false and  
5 misleading disclosure reports be filed with the Commission between in or about August 2005  
6 and in or about July 2012. To conceal the Jacksons' personal expenditures using the  
7 Committee's credit card, the Jacksons directed the Committee's treasurer not to itemize personal  
8 expenditures made on the campaign credit card.<sup>50</sup> Other times, the Jacksons provided false  
9 justifications for expenditures, causing that false information to be included in the campaign's  
10 disclosure reports.<sup>51</sup> The Committee's treasurer then submitted disclosure reports containing  
11 materially false and misleading statements.<sup>52</sup> For example, on or about January 23, 2009, Pasley  
12 filed a disclosure report stating that the Committee spent \$387.04 on November 22, 2008, at  
13 Costco for "Food for Campaign Staff Holiday dinner."<sup>53</sup> In truth, however, Sandra Jackson used  
14 this Committee funds to purchase bathrobes and other items for the Jacksons' personal use.<sup>54</sup>  
15 Filing the materially false and misleading disclosure reports, "enabled the conspiracy to continue

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<sup>48</sup> *Id.* ¶ 54.

<sup>49</sup> This net payment was made at Congressman Jackson's direction, and there is no information to suggest that it would have been made irrespective of Congressman Jackson's candidacy. Because paying a candidate's personal expenses constitutes a contribution unless the payment would have been made irrespective of the candidacy, 11 C.F.R. § 113.1(g)(6), Person D's \$1,500 payment is subject to the individual contribution limits. See Advisory Op. 2000-08 (Harvey) (gifts to candidates for personal use are subject to the Act's individual contribution limits).

<sup>50</sup> Statement of Offense ¶ 59.

<sup>51</sup> *Id.*

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

1 without detection for a lengthy period of time and without the questions from regulators or the  
2 general public that likely would have ensued had truthful and accurate reports and forms been  
3 filed.”<sup>55</sup>

4 **G. Notice and Response**

5 On March 21, 2013, the Office of General Counsel provided notice of this matter to  
6 Sandra Jackson, but she did not respond.

7 **II. LEGAL ANALYSIS**

8 Congressman Jackson has admitted that he and others participated in a plan to divert  
9 Jackson Committee funds for the Jacksons’ personal use and benefit. Using a variety of  
10 methods, the Jacksons ultimately diverted approximately \$750,000 in Committee funds to pay  
11 for a variety of personal goods and services. This scheme was then concealed filing materially  
12 false and misleading disclosures. In light of this and the other available information, the  
13 Commission makes the following reason-to-believe findings.<sup>56</sup>

14 **A. There Is Reason to Believe Sandra Jackson Diverted Committee Funds for**  
15 **the Jacksons’ Personal Use**

16 Candidates and their committees have wide discretion in making expenditures to  
17 influence the candidate’s election, but the Act and Commission regulations prohibit any person  
18 from converting contributions or donations to personal use.<sup>57</sup> “Personal use” refers to “any use  
19 of funds in a campaign account of a present or former candidate to fulfill a commitment,

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<sup>55</sup> *Id.* ¶ 15.

<sup>56</sup> See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) (“RTB Policy”) (“The Commission will find ‘reason to believe’ in cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.”).

<sup>57</sup> 2 U.S.C. § 439a(b); 11 C.F.R. § 113.1(g).

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1 obligation or expense of any person that would exist irrespective of the candidate's campaign or  
2 duties as a Federal officeholder."<sup>58</sup> Whether certain uses of committee funds — such as legal,  
3 meal, travel, or certain vehicles expenses — are personal use depends on the case-specific facts  
4 and circumstances.<sup>59</sup> In such cases, "If the candidate can reasonably show that the expenses at  
5 issue resulted from campaign or officeholder activities, the Commission will not consider the use  
6 to be personal use."<sup>60</sup> Other uses of committee funds, however, are personal use *per se* — for  
7 example, tuition payments, household food items, health club dues, clothing purchases, and  
8 home mortgage, rent, or utilities payments.<sup>61</sup>

9 Here, Congressman Jackson's admissions leave no doubt that, through a variety of  
10 means, the Jacksons used Committee funds for all manner of personal uses — including many  
11 *per se* personal uses — over an extended period of time. Between August 2005 and April 2012,  
12 the Jacksons used the Jackson Committee credit card to make approximately 3,100 personal  
13 purchases — including meals and entertainment, travel, and household items — totaling  
14 approximately \$582,773. Between July 2007 and July 2011, Congressman Jackson made direct  
15 expenditures of \$57,793 in Committee funds to purchase a Rolex watch and pay down personal  
16 credit card debt. And between 2006 and 2012, the Jacksons, with Jones participating as an  
17 intermediary, diverted Committee funds and otherwise disguised transactions involving  
18 approximately \$100,741 used to pay down personal credit card debt, pay for home renovations,

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<sup>58</sup> 11 C.F.R. § 113.1(g).

<sup>59</sup> *Id.* § 113.1(g)(1)(ii).

<sup>60</sup> See Final Rule and Explanation and Justification, Personal Use of Campaign Funds, 60 Fed. Reg. 7,862, 7,867 (Feb. 9, 1995) ("Personal Use E&J").

<sup>61</sup> 2 U.S.C. § 439a(b)(2); 11 C.F.R. § 113.1(g)(1)(i).

1 and purchase elk heads. All of these uses involved funds diverted from the Jackson Committee  
2 that benefitted the Jacksons personally.<sup>62</sup> The Commission therefore finds reason to believe that  
3 Sandra Jackson violated the Act and Commission regulations by diverting Jackson Committee  
4 funds for the Jacksons' personal use and benefit.<sup>63</sup>

5 **B. Sandra Jackson's Misconduct Was Knowing and Willful**

6 A violation of the Act is knowing and willful if the "acts were committed with full  
7 knowledge of all the relevant facts and a recognition that the action is prohibited by law."<sup>64</sup>  
8 Knowledge and willfulness may be shown by direct or circumstantial evidence that a respondent  
9 "acted voluntarily and was aware that his conduct was unlawful."<sup>65</sup> For example, a respondent's  
10 voluntary participation in a scheme to disguise or conceal the recipients and purposes of  
11 disbursements, as well as the sources of contributions, indicates that the misconduct was  
12 knowing and willful.<sup>66</sup> As the Fifth Circuit noted in *Hopkins*, "It has long been recognized that  
13 'efforts at concealment [may] be reasonably explainable only in terms of motivation to evade'  
14 lawful obligations."<sup>67</sup>

15 Here, the Jacksons used a variety of means and involved others to conceal the scheme to  
16 divert Committee funds to their personal use and benefit. For example, they used Jones as a

<sup>62</sup> See, e.g., MUR 5895 (Meeks for Congress) (2008) (finding candidate and committee violated Act by, *inter alia*, using committee funds to pay down personal credit card debt, pay for personal trainer, and pay vehicle expenses).

<sup>63</sup> 2 U.S.C. § 439a; 11 C.F.R. § 113.1(g).

<sup>64</sup> 122 Cong. Rec. 12,197, 12,199 (May 3, 1976).

<sup>65</sup> *United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citations omitted).

<sup>66</sup> Cf. *United States v. Hopkins*, 916 F.2d 207, 214-15 (5th Cir. 1990). *Hopkins* involved a conduit contributions scheme, and the issue before the Fifth Circuit concerned the sufficiency of the evidence supporting the defendants' convictions for conspiracy and false statements under 18 U.S.C. §§ 371 and 1001.

<sup>67</sup> *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

1 pass-through to disguise the true recipients and purposes of Committee disbursements. They  
2 also directed Jones and Pasley to prepare and file materially false and misleading disclosure  
3 reports to “enable[] the conspiracy to continue without detection for a lengthy period of time.”<sup>68</sup>  
4 This demonstrates that the Jacksons well knew their conduct was unauthorized and illegal. The  
5 Commission therefore finds reason to believe that the Sandra Jackson’s violations of the Act and  
6 Commission regulations were knowing and willful.

7 **III. CONCLUSION**

8 For the reasons discussed above, the available information — and in particular the factual  
9 basis supporting Congressman Jackson’s guilty plea — credibly sets forth facts supporting a  
10 reason to believe that Sandra Jackson participated in significant violations of the Act and  
11 Commission regulations.

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<sup>68</sup> Statement of Offense ¶ 15.

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2 In the Matter of: )  
3 )  
4 Terri Jones, ) MUR \_\_\_\_\_  
5 ) (formerly Pre-MUR 554)  
6 Respondent, )  
7 \_\_\_\_\_ )

8 **FACTUAL AND LEGAL ANALYSIS**<sup>1</sup>

9 This matter concerns a scheme spanning seven years and involving more than 3,100  
10 transactions that diverted approximately \$750,000 from Jesse Jackson, Jr. for Congress to pay  
11 personal expenses of Congressman Jesse Jackson, Jr. and his wife, Chicago Alderman Sandra  
12 Jackson. Over the years, Congressman Jackson's campaign committee paid for the Jacksons'  
13 meals, groceries, designer clothing, travel, tickets, dry cleaning, home renovations, memorabilia,  
14 and personal credit card bills. To prevent the Commission or the public from discovering or  
15 questioning the scheme, Congressman Jackson and the treasurers of his campaign committee  
16 filed materially false and misleading disclosure reports.

17 The available record — including the statement of facts supporting Congressman  
18 Jackson's guilty plea in a criminal proceeding related to this scheme — provides substantial  
19 evidence that, by participating in and covering up this scheme, former treasurer Terri Jones,  
20 among others, violated multiple provisions of the Federal Election Campaign Act of 1971, as  
21 amended (the "Act"). The Commission therefore finds reason to believe that Terri Jones  
22 violated the Act as discussed below.<sup>2</sup>

<sup>1</sup> This matter was initiated based on information the Commission received in the course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1).

<sup>2</sup> See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) ("RTB Policy") ("The Commission will find 'reason to believe' in

1 I. FACTUAL SUMMARY

2 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra  
3 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating  
4 back to 2005.<sup>3</sup> The Statement of Offense supporting Congressman Jackson's plea describes a  
5 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as  
6 Co-Conspirator 1), and former campaign treasurer Terri Jones (referred to as Person A), among  
7 others, to divert funds from Congressman Jackson's campaign committee, Jesse Jackson, Jr. for  
8 Congress, for his and Sandra Jackson's personal use.<sup>4</sup> Specifically, between approximately  
9 August 2005 and April 2012, the Jacksons diverted approximately \$750,000 in campaign funds  
10 to pay for personal expenses.<sup>5</sup>

11 They obtained these funds through several means. For example, between August 2005  
12 and April 2012, the Jacksons used the Jackson Committee credit card to make approximately  
13 3,100 personal purchases — including meals and entertainment, travel, and household items —

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cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.”)

<sup>3</sup> Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$20,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

<sup>4</sup> Although the Statement of Offense refers to several individuals using pseudonyms, the identities of Sandra Jackson and Terri Jones, among others, are discernible from the references to their tenures at different times as treasurers to the Jackson Committee.

<sup>5</sup> Statement of Offense ¶ 11.

1 totaling approximately \$582,773.<sup>6</sup> In another example, between July 2007 and July 2011,  
2 Congressman Jackson made direct expenditures of \$57,793 in Committee funds to purchase a  
3 Rolex watch and pay down personal credit card debt.<sup>7</sup> The scheme was then concealed by filing  
4 materially false and misleading disclosure reports with the Commission.<sup>8</sup>

5 **A. Funneled Committee Funds Through Others to Pay Personal Expenses**

6 In addition to using the Committee's credit card and making direct expenditures of  
7 Jackson Committee funds, another means of diverting Jackson Committee funds involved  
8 funneling funds through conduits who then carried out transactions benefiting the Jacksons. For  
9 example, in one series of transactions, Terri Jones was the intermediary, using her personal  
10 checking account as a pass-through to conduct transactions for the Jacksons' personal benefit  
11 using Committee funds. From in or about October 2008 through in or about March 2012, the  
12 Jackson Committee issued approximately \$76,150.39 in checks to Jones, even though she had  
13 performed work for the Committee entitling her to only about \$11,409.<sup>9</sup> She used nearly all of  
14 the remainder, under Congressman Jackson's direction, for transactions to benefit the Jacksons  
15 personally.<sup>10</sup>

16 In at least four instances, she issued checks from the Committee account to her personal  
17 account to provide sufficient funds for her to write personal checks to Congressman Jackson:<sup>11</sup>

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6 *Id.* ¶¶ 20-25.

7 *Id.* ¶¶ 16-19.

8 *Id.* ¶ 13.

9 *Id.* ¶ 30.

10 *Id.*

11 *Id.* ¶ 32.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Congressman Jackson	Amount
October 14, 2008	\$9,000 <sup>12</sup>	October 15, 2008	\$6,500 <sup>13</sup>
March 4, 2009	\$4,000	March 4, 2009	\$3,500
August 1, 2011	\$6,300	August 1, 2011	\$4,000
March 22, 2012	\$4,730.39 <sup>14</sup>	March 5, 2012	\$1,700

1 In six other instances, Jones received about \$16,400 in cash from Congressman Jackson<sup>15</sup>  
2 and about \$6,730 in checks from the Committee that she deposited into her personal checking  
3 account to provide sufficient funds for her to write personal checks totaling about \$21,211 to pay  
4 down the Jacksons' personal credit card debt.<sup>16</sup>

<sup>12</sup> As the table shows, from this amount, Jones made a payment of \$6,500 to Congressman Jackson on October 15, 2008. The remainder was used to pay a contractor for work performed on the Jacksons' Washington, D.C., home. *See infra* p.5.

<sup>13</sup> Jones made this payment to Congressman Jackson in cash. The other payments were made by check. *See Statement of Offense* at n.3.

<sup>14</sup> The remainder was used for another transaction to personally benefit the Jacksons. *See infra* n.16.

<sup>15</sup> Congressman Jackson has claimed that this cash was given to him by family members. *Statement of Offense* ¶ 35.

<sup>16</sup> *Id.* ¶ 35.

Jones Deposit Date	Amount	Form	Jones Personal Check Issued to Pay Jacksons' Creditors	Amount
January 18, 2011	\$4,500	Cash	January 21, 2011	\$4,500
March 9, 2011	\$4,800	Cash	March 16, 2011	\$4,800
April 13, 2011	\$3,500	Cash	April 18, 2011	\$3,500
July 26, 2011	\$3,600	Cash	July 29, 2011	\$3,600
February 16, 2012	\$2,000	Check	February 18, 2012	\$2,000
March 22, 2012	\$4,730.39	Check	March 22, 2012	\$2,810.91 <sup>17</sup>

1 In numerous other instances between October 2008 and September 2011 Jones received  
2 payments from the Committee totaling approximately \$30,750.<sup>18</sup> She deposited these payments  
3 into her personal account and then used the funds to issue approximately \$26,347 in personal  
4 checks to multiple contractors who performed work on the Jacksons' Washington, D.C., home.<sup>19</sup>  
5 In each instance, Congressman Jackson instructed Jones to issue a Committee check to herself  
6 and then to use the funds to pay the contractors.<sup>20</sup>

7 Similarly, in 2011, at Congressman Jackson's direction, Jones received Committee funds  
8 that she then used to pay the cost of two mounted elk heads from a taxidermist.<sup>21</sup>

<sup>17</sup> See *supra* n.13.

<sup>18</sup> Statement of Offense ¶ 36.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* ¶ 38.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Taxidermist	Amount
March 14, 2011	\$3,005 <sup>22</sup>	March 14, 2011	\$3,000 <sup>23</sup>
March 29, 2011	\$3,500	April 1, 2011	\$3,000
April 21, 2011	\$1,500	April 21, 2011	\$1,053

1 Then, in August 2012, Sandra Jackson instructed Jones to sell the mounted elk heads.<sup>24</sup> Jones  
2 arranged the transaction and, with Sandra Jackson's approval, sold the elk heads for \$5,300,  
3 which was less than their original purchase price.<sup>25</sup> At Sandra Jackson's direction, the proceeds  
4 of this sale then were wired to the Jacksons' personal account.<sup>26</sup>

5 **B. False Disclosures to Conceal the Scheme**

6 To enable and prolong the scheme, the Jacksons directed that materially false and  
7 misleading disclosure reports be filed with the Commission between in or about August 2005  
8 and in or about July 2012. To conceal the Jacksons' personal expenditures using the  
9 Committee's credit card, the Jacksons directed Jones not to itemize personal expenditures made  
10 on the campaign credit card.<sup>27</sup> Other times, the Jacksons provided the Committee's treasurer  
11 with false justifications for expenditures, causing that false information to be included in the

<sup>22</sup> This amount was provided by Congressman Jackson to Jones in cash. *Id.* Congressman Jackson has claimed that this cash was given to him by family members. *Id.*

<sup>23</sup> This payment was made using a cashier's check instead of a personal check. Jones used the remaining \$5 to pay the cashier's-check fee. *Id.*

<sup>24</sup> *Id.* ¶ 46.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.* ¶ 59.

1 campaign's disclosure reports.<sup>28</sup> The Committee's treasurer then submitted disclosure reports  
2 containing materially false and misleading statements.<sup>29</sup> Filing the materially false and  
3 misleading disclosure reports, "enabled the conspiracy to continue without detection for a  
4 lengthy period of time and without the questions from regulators or the general public that likely  
5 would have ensued had truthful and accurate reports and forms been filed."<sup>30</sup>

6 **C. Notice and Response**

7 On March 21, 2013, the Office of General Counsel provided notice of this matter to Terri  
8 Jones. Through counsel, Jones counsel requested pre-probable cause conciliation, noting that  
9 Congressman Jackson directed Jones to engage in the misconduct at issue.<sup>31</sup>

10 **II. LEGAL ANALYSIS**

11 Congressman Jackson has admitted that he and others participated in a plan to divert  
12 Jackson Committee funds for the Jacksons' personal use and benefit. Using a variety of  
13 methods, the Jacksons ultimately diverted approximately \$750,000 in Committee funds to pay  
14 for a variety of personal goods and services. Jones, among others, helped conceal this scheme by  
15 filing materially false and misleading disclosures. In light of this and the other available  
16 information, the Commission makes the following reason-to-believe findings.

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28 *Id.*

29 *Id.*

30 *Id.* ¶ 15.

31 *See Jones Resp. (May 14, 2013).*

1           **A.     There Is Reason to Believe Jones Diverted Committee Funds for the**  
2                           **Jacksons' Personal Use**

3           Candidates and their committees have wide discretion in making expenditures to  
4 influence the candidate's election, but the Act and Commission regulations prohibit any person  
5 from converting contributions or donations to personal use.<sup>32</sup> "Personal use" refers to "any use  
6 of funds in a campaign account of a present or former candidate to fulfill a commitment,  
7 obligation or expense of any person that would exist irrespective of the candidate's campaign or  
8 duties as a Federal officeholder."<sup>33</sup> Whether certain uses of committee funds — such as legal,  
9 meal, travel, or certain vehicles expenses — are personal use depends on the case-specific facts  
10 and circumstances.<sup>34</sup> In such cases, "If the candidate can reasonably show that the expenses at  
11 issue resulted from campaign or officeholder activities, the Commission will not consider the use  
12 to be personal use."<sup>35</sup> Other uses of committee funds, however, are personal use *per se* — for  
13 example, tuition payments, household food items, health club dues, clothing purchases, and  
14 home mortgage, rent, or utilities payments.<sup>36</sup>

15           Here, Congressman Jackson's admissions leave no doubt that, through a variety of  
16 means, the Jacksons used Committee funds for all manner of personal uses — including many  
17 *per se* personal uses — over an extended period of time. Between 2006 and 2012, the Jacksons,  
18 with Jones participating as an intermediary, diverted Committee funds and otherwise disguised

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<sup>32</sup> 2 U.S.C. § 439a(b); 11 C.F.R. § 113.1(g).

<sup>33</sup> 11 C.F.R. § 113.1(g).

<sup>34</sup> *Id.* § 113.1(g)(1)(ii).

<sup>35</sup> See Final Rule and Explanation and Justification, Personal Use of Campaign Funds, 60 Fed. Reg. 7,862, 7,867 (Feb. 9, 1995) ("Personal Use E&J").

<sup>36</sup> 2 U.S.C. § 439a(b)(2); 11 C.F.R. § 113.1(g)(1)(i).

1 transactions involving approximately \$100,741 used to pay down personal credit card debt, pay  
2 for home renovations, and purchase elk heads. All of these uses involved funds diverted from  
3 the Jackson Committee that benefitted the Jacksons personally.<sup>37</sup> The Commission therefore  
4 finds reason to believe that Jones violated the Act and Commission regulations by diverting  
5 Jackson Committee funds for the Jacksons' personal use and benefit.<sup>38</sup>

6 **B. There Is Reason to Believe that Terri Jones Commingled Jackson Committee**  
7 **Funds with Personal Funds**

8 The Act also prohibits the commingling of committee funds with "the personal funds of  
9 any individual," including committee personnel.<sup>39</sup> Here, the available information shows that  
10 Jones used her personal bank account as a pass-through, depositing at least 19 Committee checks  
11 totaling approximately \$59,280. By making those deposits, Jones mixed Committee funds with  
12 personal funds, which disguised the fact that the funds were being diverted from the Committee  
13 for the Jacksons' personal use.<sup>40</sup> We therefore recommend that the Commission find reason to  
14 believe that Jones violated the Act by commingling Committee funds with personal funds.<sup>41</sup>

<sup>37</sup> See, e.g., MUR 5895 (Meeks for Congress) (2008) (finding candidate and committee violated Act by, *inter alia*, using committee funds to pay down personal credit card debt, pay for personal trainer, and pay vehicle expenses).

<sup>38</sup> 2 U.S.C. § 439a; 11 C.F.R. § 113.1(g).

<sup>39</sup> 2 U.S.C. § 432(b)(3); 11 C.F.R. § 102.15.

<sup>40</sup> Cf. MUR 6526 (Carper) (2013) (committee bookkeeper violated commingling provision by depositing committee funds into her personal account); MUR 6179 (Ward) (2011) (treasurer violated commingling provision by depositing committee funds into personal accounts, and *vice versa*); MUR 5971 (Adams) (2009) (treasurer violated commingling provision by depositing committee checks into her personal bank account); MUR 5610 (Haywood) (2007) (assistant treasurer violated commingling provision by depositing committee checks into his personal account).

<sup>41</sup> 2 U.S.C. § 432(b)(3); 11 C.F.R. § 102.15.

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1           **C.     There is Reason to Believe That Jones Failed to Keep Records and Ensure**  
2           **the Accuracy of the Jackson Committee's Disclosures**

3           The treasurer function is not merely ministerial. The Act and Commission regulations  
4 require treasurers to be responsible for the accuracy of the information contained in committee  
5 disclosures, as well as the timely and complete filing of those reports.<sup>42</sup> This gives rise to  
6 record-keeping obligations. Among them, a treasurer must keep an account of the name and  
7 address of every person to whom a disbursement is made, together with the date, amount and  
8 purpose of the disbursement.<sup>43</sup> And for each disbursement in excess of \$200 by or on behalf of  
9 the Committee, the treasurer must obtain and keep a receipt, invoice, or cancelled check.<sup>44</sup> "Due  
10 to their 'pivotal role,' treasurers may be held personally liable for failing to fulfill their  
11 responsibilities under the Act and the Commission's regulations."<sup>45</sup> Thus, the Commission has  
12 determined as a matter of policy that it will proceed against treasurers in their personal capacity:

13           [W]here information indicates that the treasurer knowingly and willfully violated  
14 an obligation that the Act or regulations specifically impose on treasurers or  
15 where the treasurer recklessly failed to fulfill the duties imposed by law, or where  
16 the treasurer has intentionally deprived himself or herself of the operative facts  
17 giving rise to the violation.<sup>46</sup>

18           Here, the false and misleading disclosures were key to concealing the personal-use  
19 scheme, and they could not have been made without Jones's active participation. Indeed, Jones  
20 admits that she "knew what he was doing was wrong,"<sup>47</sup> but she nevertheless prepared and filed

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42.     11 C.F.R. § 104.14(d).

43.     2 U.S.C. § 432(c).

44.     *Id.*; 11 C.F.R. § 102.9(b)(2).

45.     Treasurer Policy, 70 Fed. Reg. at 5 (quoting *FEC v. Toledano*, 317 F.3d 939, 947 (9th Cir. 2003)).

46.     *Id.* at 3-4.

47.     Jones Resp. at 1.

1 materially false and misleading Committee disclosure reports to conceal the misconduct. Given  
2 the scope and scale of the personal-use scheme, the various means employed to carry it out, and  
3 the necessity of the treasurer's role in concealing the scheme, we recommend that the  
4 Commission find reason to believe that Jones violated the Act and Commission regulations by  
5 failing to keep records and ensure the accuracy of the information contained in the Committee's  
6 disclosures.<sup>48</sup>

7 **D. Jones's Misconduct Was Knowing and Willful**

8 A violation of the Act is knowing and willful if the "acts were committed with full  
9 knowledge of all the relevant facts and a recognition that the action is prohibited by law."<sup>49</sup>  
10 Knowledge and willfulness may be shown by direct or circumstantial evidence that a respondent  
11 "acted voluntarily and was aware that his conduct was unlawful."<sup>50</sup> For example, a respondent's  
12 voluntary participation in a scheme to disguise or conceal the recipients and purposes of  
13 disbursements, as well as the sources of contributions, indicates that the misconduct was  
14 knowing and willful.<sup>51</sup> As the Fifth Circuit noted in *Hopkins*, "It has long been recognized that  
15 'efforts at concealment [may] be reasonably explainable only in terms of motivation to evade'  
16 lawful obligations."<sup>52</sup>

<sup>48</sup> 2 U.S.C. §§ 432(c), 434(b). Cf. MUR 5453 (Ariola) (2005) (finding reason to believe treasurer recklessly failed to perform his duties where treasurer was certified public accountant, had requisite financial information available, but failed to accurately reconcile committee's financial activity).

<sup>49</sup> 122 Cong. Rec. 12,197, 12,199 (May 3, 1976).

<sup>50</sup> *United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citations omitted).

<sup>51</sup> Cf. *United States v. Hopkins*, 916 F.2d 207, 214-15 (5th Cir. 1990). *Hopkins* involved a conduit contributions scheme, and the issue before the Fifth Circuit concerned the sufficiency of the evidence supporting the defendants' convictions for conspiracy and false statements under 18 U.S.C. §§ 371 and 1001.

<sup>52</sup> *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

1 Here, the Jacksons used a variety of means and involved others to conceal the scheme to  
2 divert Committee funds to their personal use and benefit. For example, they used Jones as a  
3 pass-through to disguise the true recipients and purposes of Committee disbursements. They  
4 also directed Jones to prepare and file materially false and misleading disclosure reports to  
5 “enable[] the conspiracy to continue without detection for a lengthy period of time.”<sup>53</sup> And Jones  
6 admittedly knew that Congressman Jackson’s conduct was wrong but nevertheless prepared and  
7 filed materially false and misleading Committee disclosure reports to conceal the misconduct.<sup>54</sup>  
8 The Commission therefore finds reason to believe that Jones’s violations of the Act and  
9 Commission regulations were knowing and willful.

10 **III. CONCLUSION**

11 For the reasons discussed above, the available information — and in particular the factual  
12 basis supporting Congressman Jackson’s guilty plea — credibly sets forth facts supporting a  
13 reason to believe that Terri Jones participated in significant violations of the Act and  
14 Commission regulations.

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<sup>53</sup> Statement of Offense ¶ 15.

<sup>54</sup> See Jones Resp. at 1.

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2 In the Matter of: )  
3 )  
4 Vickie Pasley, ) MUR \_\_\_\_\_  
5 ) (formerly Pre-MUR. 554 and RR 13L-12)  
6 Respondent. )  
7 \_\_\_\_\_ )

8 **FACTUAL AND LEGAL ANALYSIS**<sup>1</sup>

9 This matter concerns a scheme spanning seven years and involving more than 3,100  
10 transactions that diverted approximately \$750,000 from Jesse Jackson, Jr. for Congress to pay  
11 personal expenses of Congressman Jesse Jackson, Jr. and his wife, Chicago Alderman Sandra  
12 Jackson. Over the years, Congressman Jackson's campaign committee paid for the Jacksons'  
13 meals, groceries, designer clothing, travel, tickets, dry cleaning, home renovations, memorabilia,  
14 and personal credit card bills. To prevent the Commission or the public from discovering or  
15 questioning the scheme, Congressman Jackson and the treasurers of his campaign committee  
16 filed materially false and misleading disclosure reports.

17 The available record — including the statement of facts supporting Congressman  
18 Jackson's guilty plea in a criminal proceeding related to this scheme — provides substantial  
19 evidence that, by participating in and covering up this scheme, former treasurer Vickie Pasley,  
20 among others, violated provisions of the Federal Election Campaign Act of 1971, as amended  
21 (the "Act"). The Commission therefore finds reason to believe that Vickie Pasley violated the  
22 Act.<sup>2</sup>

<sup>1</sup> This matter was initiated based on information the Commission received in the course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1).

<sup>2</sup> See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) ("RTB Policy") ("The Commission will find 'reason to believe' in cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and

1 I. FACTUAL SUMMARY

2 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra  
3 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating  
4 back to 2005.<sup>3</sup> The Statement of Offense supporting Congressman Jackson's plea describes a  
5 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as  
6 Co-Conspirator 1), and former campaign treasurer Vickie Pasley (referred to as Person B),  
7 among others, to divert funds from Congressman Jackson's campaign committee, Jesse Jackson,  
8 Jr. for Congress, for his and Sandra Jackson's personal use.<sup>4</sup> Specifically, between  
9 approximately August 2005 and April 2012, the Jacksons diverted approximately \$750,000 in  
10 campaign funds to pay for personal expenses.<sup>5</sup>

11 They obtained these funds through several means. First, between August 2005 and April  
12 2012, the Jacksons used the Jackson Committee credit card to make approximately 3,100  
13 personal purchases — including meals and entertainment, travel, and household items — totaling

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where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.”).

<sup>3</sup> Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$20,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

<sup>4</sup> Although the Statement of Offense refers to several individuals using pseudonyms, the identities of Sandra Jackson and Vickie Pasley, among others, are discernible from the references to their tenures at different times as treasurers to the Jackson Committee.

<sup>5</sup> Statement of Offense ¶ 11.

1 approximately \$582,773.<sup>6</sup> Second, between July 2007 and July 2011, Congressman Jackson  
2 made direct expenditures of \$57,793 in Committee funds to purchase a Rolex watch and pay  
3 down personal credit card debt.<sup>7</sup> Third, between 2006 and 2012, the Jacksons used an  
4 intermediary to divert Committee funds and otherwise disguised transactions involving  
5 approximately \$100,741 used to pay down personal credit card debt, pay for home renovations,  
6 and purchase elk heads.<sup>8</sup>

7 To enable and prolong the scheme, the Jacksons directed that materially false and  
8 misleading disclosure reports be filed with the Commission between in or about August 2005  
9 and in or about July 2012. To conceal the Jacksons' personal expenditures using the  
10 Committee's credit card, the Jacksons directed the Committee's treasurer not to itemize personal  
11 expenditures made on the campaign credit card.<sup>9</sup> Other times, the Jacksons provided false  
12 justifications for expenditures, causing that false information to be included in the campaign's  
13 disclosure reports.<sup>10</sup> The Committee's treasurer then submitted disclosure reports containing  
14 materially false and misleading statements.<sup>11</sup> For example, on or about January 23, 2009, Pasley  
15 filed a disclosure report stating that the Committee spent \$387.04 on November 22, 2008, at  
16 Costco for "Food for Campaign Staff Holiday dinner."<sup>12</sup> In truth, however, Sandra Jackson used

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<sup>6</sup> *Id.* ¶¶ 20-25.

<sup>7</sup> *Id.* ¶¶ 16-19.

<sup>8</sup> *Id.* ¶¶ 26-38, 46-53.

<sup>9</sup> *Id.* ¶ 59.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

1 this Committee funds to purchase bathrobes and other items for the Jacksons' personal use.<sup>13</sup>  
2 Filing the materially false and misleading disclosure reports, "enabled the conspiracy to continue  
3 without detection for a lengthy period of time and without the questions from regulators or the  
4 general public that likely would have ensued had truthful and accurate reports and forms been  
5 filed."<sup>14</sup>

6 On March 21, 2013, the Office of General Counsel provided notice of this matter to  
7 Vickie Pasley. She submitted a response denying any wrongdoing, arguing that she did not  
8 prepare the Jackson Committee's disclosure reports and had essentially no control or  
9 involvement in the Jackson Committee's finances.<sup>15</sup>

10 **II. LEGAL ANALYSIS**

11 Congressman Jackson has admitted that he and others participated in a plan to divert  
12 Jackson Committee funds for the Jacksons' personal use and benefit. Using a variety of  
13 methods, the Jacksons ultimately diverted approximately \$750,000 in Committee funds to pay  
14 for a variety of personal goods and services. Pasley, among others, helped conceal this scheme  
15 by filing materially false and misleading disclosures.

16 The treasurer function is not merely ministerial. The Act and Commission regulations  
17 require treasurers to be responsible for the accuracy of the information contained in committee  
18 disclosures, as well as the timely and complete filing of those reports.<sup>16</sup> This gives rise to  
19 record-keeping obligations. Among them, a treasurer must keep an account of the name and

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.* ¶ 15.

<sup>15</sup> See Pasley Resp. at 2 (May 11, 2013).

<sup>16</sup> 11 C.F.R. § 104.14(d).

1 address of every person to whom a disbursement is made, together with the date, amount and  
2 purpose of the disbursement.<sup>17</sup> And for each disbursement in excess of \$200 by or on behalf of  
3 the Committee, the treasurer must obtain and keep a receipt, invoice, or cancelled check.<sup>18</sup> “Due  
4 to their ‘pivotal role,’ treasurers may be held personally liable for failing to fulfill their  
5 responsibilities under the Act and the Commission’s regulations.”<sup>19</sup> Thus, the Commission has  
6 determined as a matter of policy that it will proceed against treasurers in their personal capacity:

7 [W]here information indicates that the treasurer knowingly and willfully violated  
8 an obligation that the Act or regulations specifically impose on treasurers or  
9 where the treasurer recklessly failed to fulfill the duties imposed by law, or where  
10 the treasurer has intentionally deprived himself or herself of the operative facts  
11 giving rise to the violation.<sup>20</sup>

12 Here, the false and misleading disclosures were key to concealing the personal-use  
13 scheme, and they could not have continued without Pasley’s willingness to turn a blind eye when  
14 she became treasurer in 2008. In her Response, Pasley disclaims essentially all involvement in  
15 carrying out the duties of a committee treasurer. She claims that she did not prepare reports or  
16 keep records.<sup>21</sup> Instead, she asserts that she merely “perused” final reports “as needed” and  
17 asked others for explanations “if I had a question.”<sup>22</sup> Pasley then asserts, “There was never an

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17 2 U.S.C. § 432(c).

18 *Id.*; 11 C.F.R. § 102.9(b)(2).

19 Statement of Policy Regarding Treasurers Subject to Enforcement Proceedings, 70 Fed. Reg. 3, 5 (Jan. 3, 2005) (quoting *FEC v. Toledano*, 317 F.3d 939, 947 (9th Cir. 2003)).

20 *Id.* at 3-4.

21 Pasley Resp. at 2-3 (“Because I have never had a role in the preparation of the reports, [records evidencing expenditures] were *never* in my possession.” (emphasis in original)).

22 *Id.*

1 indication made to me . . . that said expenditures were not appropriate under the  
2 circumstances.”<sup>23</sup>

3 Pasley’s asserted lack of any meaningful involvement in the Committee’s disclosure  
4 reporting — other than to sign the reports — suggests that she may have either recklessly failed  
5 to fulfill the duties of a treasurer under the Act and Commission regulations or that she willfully  
6 blinded herself to the falsity of the disclosures she signed as treasurer.<sup>24</sup> Given the scope and  
7 scale of the personal-use scheme, the various means employed to carry it out, the necessity of the  
8 treasurer’s role in concealing the scheme, the Commission finds reason to believe that Pasley  
9 violated the Act and Commission regulations by failing to keep records and ensure the accuracy  
10 of the information contained in the Committee’s disclosures.<sup>25</sup>

11 **III. CONCLUSION**

12 For the reasons discussed above, the available information — and in particular the factual  
13 basis supporting Congressman Jackson’s guilty plea — credibly sets forth facts supporting a  
14 reason to believe that Pasley violated the Act and Commission regulations.

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<sup>23</sup> *Id.* at 2.

<sup>24</sup> *See, e.g.*, MUR 5646 (Buchalski) (2008) (finding reason to believe treasurer recklessly failed to perform his duties in case where treasurer “in title only” never handled committee funds and signed blank or incomplete reports prepared by others). Thus, Pasley’s claim that her lack of involvement was precisely the arrangement agreed to when she became treasurer, *see* Pasley Resp. at 1-2, does not relieve her from her responsibility under the Act and Commission regulations to familiarize herself with the relevant records, conduct appropriate inquiries, and certify the accuracy of the Committee’s disclosure reports.

<sup>25</sup> 2 U.S.C. §§ 432(c), 434(b). *Cf.* MUR 5453 (Ariola) (2005) (finding reason to believe treasurer recklessly failed to perform his duties where treasurer was certified public accountant, had requisite financial information available, but failed to accurately reconcile committee’s financial activity).

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2 In the Matter of: )  
3 )  
4 Unidentified Person E and ) MUR \_\_\_\_\_  
5 Unidentified Person E's ) (formerly Pre-MUR 554)  
6 Corporation, )  
7 )  
8 Respondents. )  
9 \_\_\_\_\_)

10 **FACTUAL AND LEGAL ANALYSIS**<sup>i</sup>

11 This matter concerns a scheme spanning seven years and involving more than 3,100  
12 transactions that diverted approximately \$750,000 from Jesse Jackson, Jr. for Congress to pay  
13 personal expenses of Congressman Jesse Jackson, Jr. and his wife, Chicago Alderman Sandra  
14 Jackson. Over the years, Congressman Jackson's campaign committee paid for the Jacksons'  
15 meals, groceries, designer clothing, travel, tickets, dry cleaning, home renovations, memorabilia,  
16 and personal credit card bills.

17 The available record — including the statement of facts supporting Congressman  
18 Jackson's guilty plea in a criminal proceeding related to this scheme — provides substantial  
19 evidence that, by providing funds from a corporate account to pay the Jacksons' personal  
20 expenses Unidentified Person E and Person E's Corporation<sup>2</sup> violated provisions of the Federal  
21 Election Campaign Act of 1971, as amended (the "Act"). The Commission therefore finds  
22 reason to believe that Unidentified Person E and Person E's Corporation violated the Act.<sup>3</sup>

<sup>1</sup> This matter was initiated based on information the Commission received in the course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1).

<sup>2</sup> The Statement of Offense refers to several individuals and entities using only pseudonyms. At this time, the identities of Person E and Person E's corporation are unknown to the Commission.

<sup>3</sup> See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) ("RTB Policy") ("The Commission will find 'reason to believe' in

1 I. FACTUAL SUMMARY

2 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra  
3 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating  
4 back to 2005.<sup>4</sup> The Statement of Offense supporting Congressman Jackson's plea describes a  
5 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as  
6 Co-Conspirator 1), and former campaign treasurers, among others, to divert funds from  
7 Congressman Jackson's campaign committee, Jesse Jackson, Jr. for Congress, for his and Sandra  
8 Jackson's personal use. Specifically, between approximately August 2005 and April 2012, the  
9 Jacksons diverted approximately \$750,000 in campaign funds to pay for personal expenses.<sup>5</sup>

10 They obtained these funds through several means. First, between August 2005 and April  
11 2012, the Jacksons used the Jackson Committee credit card to make approximately 3,100  
12 personal purchases — including meals and entertainment, travel, and household items — totaling  
13 approximately \$582,773.<sup>6</sup> Second, between July 2007 and July 2011, Congressman Jackson  
14 made direct expenditures of \$57,793 in Committee funds to purchase a Rolex watch and pay

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cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.”).

<sup>4</sup> Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$20,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

<sup>5</sup> Statement of Offense ¶ 11.

<sup>6</sup> *Id.* ¶¶ 20-25.

1 down personal credit card debt.<sup>7</sup> Third, between 2006 and 2012, the Jacksons, used an  
2 intermediary to divert Committee funds and otherwise disguised transactions involving  
3 approximately \$100,741 used to pay down personal credit card debt, pay for home renovations,  
4 and purchase elk heads.<sup>8</sup> Finally, the Jacksons also benefitted personally from payments made  
5 by other individuals. In one instance, on or about May 5, 2009, Unidentified Person E, the  
6 owner of an Illinois consulting firm, issued a \$3,500 check from a corporate account controlled  
7 by Person E to pay down the Jacksons' personal credit card debt.<sup>9</sup>

## 8 II. LEGAL ANALYSIS

9 The Act prohibits corporations from making contributions to candidates or their  
10 committees in connection with federal elections.<sup>10</sup> It also prohibits corporate officers from  
11 consenting to, and candidates from knowingly accepting, corporate contributions.<sup>11</sup> Thus,  
12 corporations may not make direct or indirect payments or gifts or provide "anything of value,"  
13 including "in-kind contributions" to federal candidates.<sup>12</sup> For example, a corporation may not  
14 pay for a candidate's personal expenses because doing so would be considered a contribution  
15 unless the payment would have been made irrespective of the candidacy.<sup>13</sup>

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7 *Id.* ¶¶ 16-19.

8 *Id.* ¶¶ 26-38, 46-53.

9 *Id.* ¶ 55.

10 2 U.S.C. § 441b(a).

11 *Id.*

12 2 U.S.C. § 441b(b)(2); 11 C.F.R. §§ 100.52(d)(1), 114.1(a)(1).

13 11 C.F.R. § 113.1(g)(6).

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1 Here, Person E issued a \$3,500 check drawn on Person E's Corporation's account to pay  
2 down the Jacksons' personal credit card debt. This payment was made at Congressman  
3 Jackson's direction and there is no information to suggest that the payment would have been  
4 made irrespective of Congressman Jackson's candidacy.<sup>14</sup> Nor is there information suggesting  
5 that the payment was *bona fide* employment compensation.<sup>15</sup> The Commission therefore finds  
6 reason to believe that Person E's Corporation violated the Act by making prohibited corporate  
7 contributions.<sup>16</sup> Because Person E was the corporate officers who issued the checks, the  
8 Commission also finds reason to believe that Person E violated the Act by consenting to the  
9 making of prohibited corporate contributions.<sup>17</sup>

10 **III. CONCLUSION**

11 For the reasons discussed above, the available information — and in particular the factual  
12 basis supporting Congressman Jackson's guilty plea — credibly sets forth facts supporting a  
13 reason to believe that Unidentified Person E and Person E's Corporation violated the Act and  
14 Commission regulations.

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<sup>14</sup> Cf. AO 2000-08 (Harvey) (gifts to candidates for personal use are contributions subject to the Act's limits and prohibitions).

<sup>15</sup> See 11 C.F.R. § 113.1(g)(6)(iii).

<sup>16</sup> 2 U.S.C. § 441b(a).

<sup>17</sup> *Id.*

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2 In the Matter of: )  
3 )  
4 Unidentified Person F and ) MUR \_\_\_\_\_  
5 Unidentified Person F's ) (formerly Pre-MUR 554)  
6 Corporation, )  
7 )  
8 Respondents. )  
9 \_\_\_\_\_)

10 **FACTUAL AND LEGAL ANALYSIS**<sup>1</sup>

11 This matter concerns a scheme spanning seven years and involving more than 3,100  
12 transactions that diverted approximately \$750,000 from Jesse Jackson, Jr. for Congress to pay  
13 personal expenses of Congressman Jesse Jackson, Jr. and his wife, Chicago Alderman Sandra  
14 Jackson. Over the years, Congressman Jackson's campaign committee paid for the Jacksons'  
15 meals, groceries, designer clothing, travel, tickets, dry cleaning, home renovations, memorabilia,  
16 and personal credit card bills.

17 The available record — including the statement of facts supporting Congressman  
18 Jackson's guilty plea in a criminal proceeding related to this scheme — provides substantial  
19 evidence that, by providing funds from a corporate account to pay the Jacksons' personal  
20 expenses Unidentified Person F and Person F's Corporation<sup>2</sup> violated provisions of the Federal  
21 Election Campaign Act of 1971, as amended (the "Act"). The Commission therefore finds  
22 reason to believe that Unidentified Person F and Person F's Corporation violated the Act.<sup>3</sup>

<sup>1</sup> This matter was initiated based on information the Commission received in the course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1).

<sup>2</sup> The Statement of Offense refers to several individuals and entities using only pseudonyms. At this time, the identities of Person F and Person F's corporation are unknown to the Commission.

<sup>3</sup> See Statement of Policy Regarding Commission Action in Matters at the Initial Stage in the Enforcement Process, 72 Fed. Reg. 12,545 (Mar. 16, 2007) ("RTB Policy") ("The Commission will find 'reason to believe' in

1 I. FACTUAL SUMMARY

2 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra  
3 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating  
4 back to 2005.<sup>4</sup> The Statement of Offense supporting Congressman Jackson's plea describes a  
5 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as  
6 Co-Conspirator 1), and former campaign treasurers, among others, to divert funds from  
7 Congressman Jackson's campaign committee, Jesse Jackson, Jr. for Congress, for his and Sandra  
8 Jackson's personal use. Specifically, between approximately August 2005 and April 2012, the  
9 Jacksons diverted approximately \$750,000 in campaign funds to pay for personal expenses.<sup>5</sup>

10 They obtained these funds through several means. First, between August 2005 and April  
11 2012, the Jacksons used the Jackson Committee credit card to make approximately 3,100  
12 personal purchases — including meals and entertainment, travel, and household items — totaling  
13 approximately \$582,773.<sup>6</sup> Second, between July 2007 and July 2011, Congressman Jackson  
14 made direct expenditures of \$57,793 in Committee funds to purchase a Rolex watch and pay

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cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.”).

<sup>4</sup> Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$20,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

<sup>5</sup> Statement of Offense ¶ 11.

<sup>6</sup> *Id.* ¶¶ 20-25.

1 down personal credit card debt.<sup>7</sup> Third, between 2006 and 2012, the Jacksons, used an  
2 intermediary to divert Committee funds and otherwise disguised transactions involving  
3 approximately \$100,741 used to pay down personal credit card debt, pay for home renovations,  
4 and purchase elk heads.<sup>8</sup> Finally, the Jacksons also benefitted personally from payments made  
5 by other individuals. In one instance, on or about April 15, 2011, Person F, the owner of an  
6 Alabama company, issued a \$25,000 check from a corporate account controlled by Person F to  
7 pay down the Jacksons' personal credit card debt.<sup>9</sup>

## 8 II. LEGAL ANALYSIS

9 The Act prohibits corporations from making contributions to candidates or their  
10 committees in connection with federal elections.<sup>10</sup> It also prohibits corporate officers from  
11 consenting to, and candidates from knowingly accepting, corporate contributions.<sup>11</sup> Thus,  
12 corporations may not make direct or indirect payments or gifts or provide "anything of value,"  
13 including "in-kind contributions" to federal candidates.<sup>12</sup> For example, a corporation may not  
14 pay for a candidate's personal expenses because doing so would be considered a contribution  
15 unless the payment would have been made irrespective of the candidacy.<sup>13</sup>

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7. *Id.* ¶¶ 16-19.

8. *Id.* ¶¶ 26-38, 46-53.

9. *Id.* ¶ 57.

10. 2 U.S.C. § 441b(a).

11. *Id.*

12. 2 U.S.C. § 441b(b)(2); 11 C.F.R. §§ 100.52(d)(1), 114.1(a)(1).

13. 11 C.F.R. § 113.1(g)(6).

1 Here, Person F issued a \$25,000 check drawn on Person F's Corporation's account to pay  
2 down the Jacksons' personal credit card debt. This payment was made at Congressman  
3 Jackson's direction and there is no information to suggest that the payment would have been  
4 made irrespective of Congressman Jackson's candidacy.<sup>14</sup> Nor is there information suggesting  
5 that the payment was *bona fide* employment compensation.<sup>15</sup> The Commission therefore finds  
6 reason to believe that Person F's Corporation violated the Act by making prohibited corporate  
7 contributions.<sup>16</sup> Because Person F was the corporate officers who issued the checks, the  
8 Commission also finds reason to believe that Person F violated the Act by consenting to the  
9 making of prohibited corporate contributions.<sup>17</sup>

10 **III. CONCLUSION**

11 For the reasons discussed above, the available information — and in particular the factual  
12 basis supporting Congressman Jackson's guilty plea — credibly sets forth facts supporting a  
13 reason to believe that Unidentified Person F and Person F's Corporation violated the Act and  
14 Commission regulations.

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<sup>14</sup> Cf. AO 2000-08 (Harvey) (gifts to candidates for personal use are contributions subject to the Act's limits and prohibitions).

<sup>15</sup> See 11 C.F.R. § 113.1(g)(6)(iii).

<sup>16</sup> 2 U.S.C. § 441b(a).

<sup>17</sup> *Id.*

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